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THE WASHINGTON POST PUBLISHED WITH THE NEW YORK TIMES AND

The World's Daily Newspaper

London, Tuesday, June 23, 1998

# **OPEC** to Meet In Crisis Mode As Oil Prices Keep Dropping

By Agis Salpukas
New York Times Service

NEW YORK -- The lowest oil prices in years have created a severe crisis for oil-producing countries both inside and outside OPEC, and they have been struggling to reverse the decline.

The Organization of Petroleum Exporting Countries has found itself increasingly impotent in the oil market, and as its 11 member nations prepare to meet in Vienna on Wednesday, a new, loosely structured coalition has emerged. It is led by such big OPEC members as Saudi Arabia and Venezuela, as well as such non-OPEC giants as Mexico and Norway.

Whether such a coalition can turn prices around remains open to question, however. The production cutbacks that these countries and others made this spring fell far short of the amounts pledged, and oil prices, which initially jumped, ultimately gave back all their gains.

For the 11 OPEC members, the dimension of the crisis can be summed up in one simple statistic: their collective income from oil has fallen so far this year by a full third, or the equivalent of \$45 billion. And there is no apparent end in sight as the collapse of several Asian economies has diminished demand for oil in what used to be the fastest growing energy-consuming market in the world.

Saudi Arabia, the world's largest oil producer, has quietly borrowed some \$2 billion from its domestic banks in the last month to meet public expenses as it discreetly prepares to reduce its budget by at least 10 percent and raise indirect taxes across the board on services — all to offset the most serious fall in oil revenues in a decade.

Elsewhere, there have been warnings of social unrest unless producers drastically cut their oil production to raise prices. A hint of things to come may be seen in Yemen, one of the world's smallest oil producers. Since Saturday, several cities have exploded in riots as thousands protest a cut in subsidies for bread and fuel imposed by the government as it struggles to compensate for lost income from oil exports.

Some oil industry analysts say that the coordinated production cutbacks announced this nt prices from falling even lower Moreover, a second round of cuts has been announced for July.

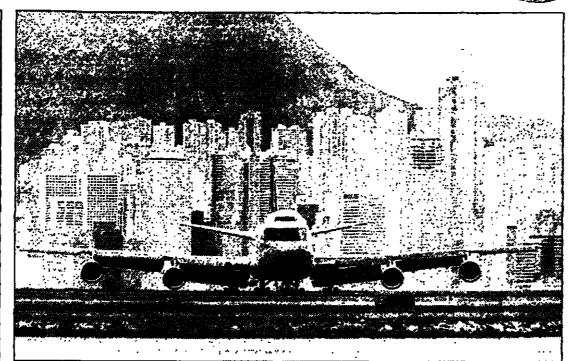
Others, however, dismiss the current effort as doomed in the face of compelling market factors, such as the slowdown in Asia, the rise in energy conservation and the development of technology that has made the discovery and extraction of oil far more efficient.

In any case, after many years of widespread cheating on production quotas by its members, the once-mighty OPBC has become virtually powerless in influencing the oil market by itself.

Prices have plunged more than 48 percent from a 52-week high of about \$23 a barrel in October, reaching below \$12 in the last week. On Monday, however, a barrel of sweet crude for July delivery was being quoted in late New York trading at \$13.62, up \$1.76.

"This may be the end of the old OPEC, but a wider organization may take its place that may be more effective," said John Lichtblau, the chair-

See OIL, Page 20



A plane taxiing to the terminal after landing at Hong Kong's Kai Tak Airport as the city looms in the background. Kai Tak is scheduled to close July 6, when Chek Lap Kok will open.

# Jiang Has His Eye on History

China's Leader Appears to Stake Legacy on Strong U.S. Ties

By John Pomfret Washington Post Service

BELIING - In a documentary broadcast nationwide on China's main state-run channel, President Jiang Zemin was shown bobbing in the surf last October off Waikiki Beach in Hawaii.

While Mao Zedong, Communist China's "great helmsman," swam in the Yellow River and his successor, Deng Xiaoping, bathed in the Gulf of Bo Hai, the narrator intoned solemnly, Mr. Jiang frolicked in the wide-open waters of the Pacific Ocean. "Isn't this a sign of China's openness and historical change?"

As the first visit of an American president to China in nine years approaches, Mr. Jiang, like his counterpart, Bill Clinton, is thinking about his place in history.

While Mao united China and Deng opened it to the

outside world, President Jiang appears to have staked

his legacy on building a stable and strong relationship with the United States.

For now, his ambitions conflict with the reality of a complex and often fractious relationship with Washington. On issues such as Taiwan, trade, security and human rights, the two countries remain far apart,

American and Chinese analysts say.

As a result, "Clinton's trip is extremely important for Jiang," said David Shambaugh, the director of the Sigur Center for Asian Studies at George Washington University. "In the end, the Clinton visit is much more about symbolism than substance-and the symbols definitely bolster Jiang at home and abroad" by casting him as Mr. Clinton's partner in spite of the bilateral differences.

Late last year, Mr. Jiang took over the top position on the Communist Party's foreign-affairs working



Viorel Moldovan after scoring the first goal in Romania's 2-1 victory over England on Monday in Toulouse. Page 25.

power. But "the military is moving quite gradually and by piecemeal action," said Isawa Elaigwu, a political scientist at the University of Jos.

may lay out a fuller position after official mourning for General Abacha ends July 7.

Generals have ruled independent Ni-

# After Flowers To Remember

By Jere Longman
New York Times Service

hands with the Americans, handed them white flowers symbolizing peace and even posed together for a team picture. But friendship extended only so far. There was a soccer game to win, and not only did Iran prevail, 2-1, but this historic victory knocked the United States

This was the first time that Iran and the United States had met in soccer and the first time that Iran ever won a game in two trips to the World Cup. The countries exchanged visits by their Olympic-style wrestling teams this year, and have participated in the Summer Games, but this was the most visible head-to-head sporting event be-

In victory on Sunday night, Iranian essarily for political reasons.

"I think it is important after 20 years of situations to show that the things said about Iranians are not true," said Iran's goalkeeper, Ahmadreza Abedzadeh. We were courageous and we played fair. That is very important."

Both teams seemed to go out of their

See SPORT, Page 25

# See JIANG, Page 8

# And a Photo, Iran Has Night

LYON - The Iranian players shook out of contention in the World Cup.

tween the two countries since the Islamic revolution in 1979.

players said it was significant to have defeated the Americans, and not nec-

way to show that they could be courteous and friendly even if their governments could not. The only demonstration was a vigorous but peaceful protest against Iran's Islamic regime,

# **Hong Kong Girds** To Enter Recession

#### New Airport Puts Pressure On Economy

By Philip Segal

HONG KONG — As a cure for a city in recession, Hong Kong's super-expensive new airport may not be what the doctor ordered.

With two weeks to go until the airport at Chek Lap Kok opens to the public on July 6, Hong Kong businesses are facing cargo bill increases of as much as 30 percent — part of the price for one of the world's most expensive public building

A \$20 billion endeavor that includes the airport, tunnels and the world's longest suspension bridge needed to reach it, Chek Lap Kok is the world's second most expensive airport after Japan's Kansai International Airport, which like Chek Lap Kok is built on reclaimed land.

The problem with the new airport is timing. Even though Hong Kong's economy shrank by 2 percent in the first quarter of the year, buffeted by the Asian financial crisis, a city that prides itself on being an efficient cargo and transportation hub is getting ready to swallow increases of as much as 30 persons in headling for for for inch. percent in handling fees for freight, and 20 percent for passenger-jet landing

The International Air Transport Association, which had previously fore-cast annual expansion of air traffic in the Asia-Pacific region at 7.7 percent through 2010, has cut that estimate to

4.4 percent.

For many here, pride in having an airport that is a triumph of modern engineering is outweighed by the expense of the project.

"It's great to have a new airport in Hong Kong," said Jim Eckes, a Hong on consultant and bro Indoswiss Ltd. "It's just built in the wrong place, it cost too much money and it was built at the wrong time."

Built next to what used to be a small island to the west of Hong Kong, the airport project begun in 1989 once employed one third of the world's dredging fleet.

A series of tunnels and bridges and a new rail line will run passengers out to the new terminal. The British government planned an expensive airport in part to demonstrate confidence in Hong Kong's future after the massacre near Tiananmen Square of 1989 led to panicked lines of people seeking passports

from foreign consulates. Now, an airport that might have cost \$4 billion had it been built on existing land in Hong Kong's New Territories

has to be paid for with higher plane See AIRPORT, Page 8

# Government To Halt Sales

By Mark Landler

Of Property

HONG KONG - Seeking to stop a frightening downward spiral in its property market, Hong Kong's government announced Monday that it would halt its sales of land until March as it officially confirmed for the first time that the territory was headed for recession.

The action, which was announced after the Hong Kong stock market closed, is the starkest sign yet of how deeply the Asian crisis is hurting the

territory's normally resilient economy. Property prices drive the broader stock market here, and the government is the biggest single landowner, selling about half of Hong Kong's new residential property in public auctions. By trying to halt land sales, the government will effectively freeze real estate prices at current levels. The move amounts to a massive government intervention in

Hong Kong's most important business.
"The Asian crisis has brought a lot of suffering and pain to Hong Kong people, said Tung Chee-hwa, the chief executive of Hong Kong. "We believe we are in a critical phase and, therefore,

we have to be pragmatic."
Flanked by a grim-faced lineup of top
Hong Kong officials, Mr. Tung announced a series of measures to restore consumer confidence and ease the deepening credit crunch in the territory. These include the lowering of import and export duties, a tax rebate, and a

freeze in government salaries.
Still, Mr. Tung acknowledged that no amount of stimulus would pull Hong Kong out of what is fast becoming its worst downturn since World War II. Property prices have plunged 40 percent in the last six months, unemployment is at a 15-year high, and output declined by 2 percent in the first quarter.

Mr. Tung said Monday the economy would shrink again in the second quarter - the first official confirmation of a recession. Unless the government acted to stabilize property prices, he said, Hong Kong's banks would deteriorate and a crisis of confidence would overwhelm local financial markets.

But the government's aggressive intervention may stoke the fears of overseas investors, who value Hong Kong for its untrammeled markets.

Late Monday, some analysts were already questioning whether Hong Kong would continue linking its currency to the U.S. dollar at a fixed ex-

change rate. Indeed, Hong Kong's stock market is already battling a crisis of confidence.

The benchmark Hang Seng index fell See HONG KONG, Page 8

#### AGENDA

#### **Havel Asks Center-Left to Form Cabinet**

PRAGUE (Reuters) — The Czech president, Vaclav Havel, on Monday asked Milos Zeman, whose centerleft Social Democrats won the weekend elections for a new Parliament, to try to form a government.

The opposition Czech Social Democratic Party won 32.3 percent of the popular vote. Mr. Havel said that Mr. Zeman.

who is expected to have difficulty forming a coalition after a surpris-

ingly strong showing by the right, had accepted his invitation to form a govemment. The president met with leaders of four of the five parties that gained

representation in the lower house the Social Democrats, the Civic Democratic Party, the Christian Democrats and the Freedom Union. Mr. Havel declined, however, to meet with officials from the fifth party, the Communist Party.



COLOMBIA POLL — Andres Pastrana, a former Bogota mayor, was elected president. Page 8.

#### Defiance in Kosovo

As Serbian forces move up their heavy armor against them, rebels in the southern province of Kosovo, fighting to carve an independent state from one of the two republics that remain in Yugoslavia, have dug trenches around the villages they control and set up sandbagged roadblocks. They are talking heroically of fighting to the death. Page 14.

New York	Monday Ø 4 P.M.	previous close
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Sports	Pages 23-2
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#### Nigeria's Military: Looking for an Exit? Contacts With Opposition Are Reported on a Safe Way to Leave Power

Mr. Elaigwu and other analysts said it

was uncertain how far the military

might ultimately move toward demands

from within Nigeria and from other na-tions — including the United States —

that it hand power soon to a civilian

In particular, it is unclear whether the

armed forces, who are dominated by

northerners, and the country's vigorous

pro-democracy movement, led by

southerners, might overcome years of bitter feuding to find grounds for com-

Several analysts said top officers

have suggested that General Abubakar

By Don Kirk

government.

By James Rupert ashington Post Service

ABIDJAN, Ivory Coast - Two weeks after the death of Nigeria's leader, General Sani Abacha, the military government is opening contacts with opposition figures as a start to an apparent search for a safe way to leave power, Nigerian political sources said. In the most important such contact, members of the military's ruling council

have been negotiating since last Tuesday with their most prominent oppo-nent, Moshood Abiola, said a government source quoted by Reuters news Mr. Abiola, the evident winner of

Nigeria's 1993 presidential election, has been jailed by the military for four years for claiming the right to rule.

The efforts at dialogue under the new

military leader, General Abdulsalam Abubakar, appear to represent the first hope in months for reducing political tensions around the broad, popular demand in Nigeria that the army give up

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North Korea Sub Is Snagged Off South

International Herald Tribune SEOUL - A North Korean midget submarine was snared in the nets of a fishing boat in South Korean waters and was towed into port by the South Korean Navy on Monday in an incident that could complicate efforts to improve

relations between the two Koreas. The 70-ton submarine, with several North Korean sailors aboard, was snagged 18 kilometers (11 miles) off the east coast port of Sokcho, about 33 kilometers south of the North Korean border, according to South Korean mil-

itary sources.
Two years ago, a 325-ton North

Korean submarine ran aground some 50 kilometers to the south, leading to a breakdown in attempts to bring the two

geria for 28 of its 38 years, and nearly

every one has broken solemn vows to

cede power to elected government. This

has left many Nigerians cynical about reports that the military plans to leave

Before he died June 8, reportedly of a heart attack, General Abacha was pur-

suing a supposed transition to an elected

government in which he was the only

legal candidate to become the civilian

But unlike General Abacha, General

Abubakar "has no political ambitions,"

See NIGERIA, Page 8

nations to the negotiating table.

The skipper of the South Korean fishing boat, Han Ki Chul, told South Korean reporters that "I saw one or two people working on the submarine," apparently North Koreans trying to free it from the net.

"It was not sinking."

About five or six North Korean sailors were believed to be still inside the submarine as a South Korean corvette towed it to a navy base near Sokcho, said Colonel Park In Yong.

were trying over loud speakers to persuade anyone inside to surrender. North Korea uses a fleet of 50 small submarines similar to the one snagged

Monday for espionage and infiltration.
The South Korean military has not officially verified the type, tonnage or other details. After South Korean sailors had a chance to look at the submarine more

closely as it was under tow, however, defense officials moved toward the view that it had not sailed south to land commandos or even to engage in es-"The submarine was already con-

See KOREA, Page 8

"The submarine was afloat" he said.

South Korean soldiers and sailors

# New U.S.-China Ties Are the Fruit of '96 Shift in Policy

By Barton Gellman

ASHINGTON — When President Bill Clinton touched down in April 1996 on the flight deck of the aircraft carrier Independence, he indulged in a small display of national pride. Just a few weeks before, the ship had led most of the U.S. Navy's Seventh Fleet through a tense standoff with China as it rehearsed a missile attack and invasion of Taiwan.

'We showed our power to the world without firing a bullet," Mr. Clinton told the assembled officers and crew.

In truth, the president and his advisers felt sobered as much as satisfied by the episode. They had come much closer to combat with China than

either government wished, and they were trapped in a pattern of mutual, ritualized complaints.
"Our meetings had been overwhelmingly, "We want you to release more dissidents," "We want you to stop selling arms to Taiwan," you know, tit for tat," said a senior policymaker on China. "Repetition, usually verbatim, of things that had been said a drawn times before as if that had been said a dozen times before - as if the world didn't exist."

By the spring of 1996, the national security adviser, Anthony Lake, and his deputy, Samuel Berger, were finishing a policy review that decided, in essence, to concentrate on the big picture again. Since then, the U.S. government has moved with purpose to repair ties to Beijing. The decision, which set Mr. Clinton on his road to a China summit meeting this week, included a willingness for the first time to pay the domestic political costs that have often accompanied China policy since the 1950s.

"That was the key moment at which the administration accepted that it was going to have to deal seriously with China, that China was more than a theme park for the human rights advocates and the Dalai Lama's followers," said Chas. Freeman Jr., Mr. Clinton's first assistant secretary

of defense for international security affairs.

The tumultuous year of 1989, when China crushed its democracy movement at Tiananmen Square and the Soviet empire collapsed with the Bêrlin Wall, brought two results for Chinese-American relations: Public warmth drained entirely and the old strategic common cause containment of Moscow — disappeared. But a new rationale was growing in the minds of the Clinton foreign policy team. The world's most populous nation, a rising economic and military power, was simply too big to ignore on nearly every foreign policy concern.

Consider, said Stanley Roth, an assistant secretary of state, what the world might look like if Beijing chose hostility at every turn.

On the Korean Peninsula, China could be supplying weapons and encouraging the North Koreans not to participate in negotiations," said Mr. Roth. "China could be in Cambodia doing what it did 15 years ago, arming the Khmer Rouge and trying to give them support. China could be continuing to sell weapons systems to Iran that threaten U.S. naval forces. If you want to solve global warming, you're not going to do it if China's not playing. There are just so many

MONG THE first things to come from the interagency review was a firm or-White House

By July 1996, Mr. Lake was heading for Beijing. He had opened a new diplomatic channel to Liu Huaqiu, his approximate counterpart. at the height of the Taiwan Strait crisis four months before. Now that channel became the primary vehicle for reshaping the relationship.

"The role China plays in the very different

world of the next century was going to be very important, and it was in China's interest as well as the world's that China not only play by the rules but also help devise those rules." Mr. Lake said in an interview, summarizing his pitch to Mr. Liu and other leaders.

seriously with China, that China was more than a theme park for the human rights advocates and the Dalai Lama's followers.' presence in Asia had not been drawn down and,

The administration accepted that it was going to have to deal

I believed, neither should nor would be, and this was not a part of containing China but was there for the sake of stability. I asked him to consider what would happen if we withdrew our presence from northeast Asia. There would be almost certainly an arms race, probably a nuclear arms race, among Japan, China and Korea, and this was in nobody's interest."

Region by region, issue by issue, the two governments began to talk about the world. But there were four major irritants that could set

relations tumbling again: human rights, nuclear proliferation, trade and Taiwan. The two years since have been marked by concerted efforts to salve, if not settle, those disputes.

Mr. Lake—echoed by Mr. Clinton, during the October 1997 summit meeting with President Jiang Zemin of China — began telling the Chinese that they were on "the wrong side of history" over political and religious freedom. That formula was more of an overture than a slap. That formula was more of an overture than a slap. By design, it took some of the pressure off the argument, consigning its outcome to posterity.

But it was not quite good enough, the president's advisers concluded. They wanted to press for near-term improvements, even if they were unwilling to hold the whole relationship hostage on that account. They believed they had to have progress on human rights to make warmer ties palatable to Congress.

And they needed a way out of what they saw as an increasingly pointless annual battle with China at the UN Human Rights Conference in Geneva. In 1995, an American-sponsored motion. of censure for Chinese repression had scored no better than a tie vote in Geneva. In 1996 and 1997, the motion lost by increasing margins as European allies lost interest in annoying Beijing. By the spring of 1998, after a series of priva

China-U.S. communications, Mr. Berger, who had succeeded Mr. Lake as national security adviser, sent a decision memorandum to Mr. Clinton reflecting unanimous advice from him, Secretary of State Madeleine Albright and Bill Richardson, the chief delegate to the United Nations: The United States should once again sponsor the censure motion.

Mr. Clinton rejected the memo and directed Mr. Berger to work out a deal with China. Sandra Kristoff, the National Security Council's senior director for Asia, traveled hastily to Beijing. Her delegation pressed the deputy foreign minister, Yang Jiechi, to show enough progress to justify an end to the Geneva fight.

Mr. Yang suggested that China could release Wang Dan, a prominent dissident, from jail and announce its intention to sign the UN Covenant on Civil and Political Rights soon. Of four U.S. human rights demands laid out in 1996, that made for partial fulfillment of two.

On March 16, with Mr. Clinton's mind made up, it fell to Mrs. Albright to phone Foreign Minister Qian Qichen and cement the deal. The Chinese minister, now deputy prime minister.

Chinese minister, now deputy prime minister, said Beijing would sign the UN covenant "in the near future." Mrs. Albright said that Washington would drop the Geneva motion of censure.

China's first movement toward nuclear arms control came in 1984, when it joined the International Atomic Energy Agency. Eight years later it signed the Nuclear Nonproliferation Treaty and in 1995 it supported the treaty's indefinite extension.

But January 1996 brought U.S. intelligence that China's National Nuclear Corp. had sold Pakistan a consignment of ring magnets, essential components in the enrichment of uranium to weapons grade.

The discovery triggered a U.S. law banning Export-Import Bank financing of any business deal with China, a sanction that would shut down billions of dollars in trade.

With the trade sanctions looming, China announced abruptly that it would provide no further assistance to unsafeguarded nuclear facil-

The administration set four initial goals on arms control with China, and obtained them allover the next two years. It wanted China to give up all nuclear assistance to Iran, even that permitted under international law; to break contracts to sell nonnuclear C-801 and C-802 cruise missiles to Iran that posed an "over the horizon" formal export controls on nuclear and dual-use technology and to join the Zangger Committee, an international panel to monitor restrictions on

nuclear technology.

As bait, the administration offered to revive a moribund agreement reached by President Ronald Reagan in 1985 to allow China to buy U.S. nuclear power plants — but only if Mr. Clinton certified that China was exporting no help on nuclear weapons, direct or indirect.

The first deal came on the C-801 and C-802 cruise missiles. Mrs. Albright met with Mr. Qian on Sept. 23 in New York and he told her there were "no plans" for further cruise missile sales. Mrs. Albright, according to an American ac-

ne said it did.

Mr. Qian signed a letter Oct. 28. "China," he wrote to Mrs. Albright in a document still classified "secret," "is not going to engage in new nuclear cooperation with Iran."

With those assurances, Mrs. Albright wrote back, Mr. Clinton would submit "the necessary

count, pressed Mr. Qian on whether the as-

surance applied to production technology, and

certifications" to allow China to buy American nuclear power plants.

AIWAN REMAINED a potential flash point and Washington moved on two fronts to defuse the issue. On March 11, 1996, Mr. Berger and an under secretary of state, Peter Tarnoff, summoned Taiwan's national security adviser; Ting Mou-shih, to a New York hotel. They told him to cool Taiwan's independence drive because U.S. military sup-

port was not going to be a blank check.

To Beijing, the Clinton administration gave repeated assurances that it was sticking to its "one China" policy of 1972.

For the presidential summit meeting last year,

the two sides negotiated a statement by the State Department spokesman, James Rubin. Reading from notes, he said the United States did not support Taiwanese independence, did not support a "two China" or "one China, one Taiwan" policy, and would not back Taiwan's admission

to any international body based on statehood.

China and the United States now cooperate on major regional problems as they seldom have before. They see broadly eye to eye, so far, on the four-party talks they jointly sponsor to bring rapprochement to North and South Korea; they have worked in concert to contain the Asian financial crisis, with China resisting internal. pressure to devalue its currency, the yuan, and China has been remarkably restrained in response to declear testing by its old rival, India.

If there is any one moment that shows how far the two governments have come it arrived in the second week of February.

Mr. Richardson, the UN delegate, had the American-led showdown with Iraq. He sought, and obtained, China's abstention - instead of its veto - on a vote to threaten "severest consequences" for Baghdad if it failed to cooperate

with special UN weapons inspectors.

Just before he traveled to Beijing on Feb. 14,
Mr. Richardson paid a call on his UN counterpart, Qin Huasun. A politician with a mischievous streak, Mr. Richardson put on a serious face and, according to one witness, told Mr. Qin: "I want to come to China to focus on one subject." He paused. "Human rights."

As Mr. Qin stared back in disbelief, Mr. Richardson burst into a grin. The Chinese delegate threw his head back and laughed.

WEATHER

# Iran Leader **Ignores Critics** To Continue Reform Drive:

TEHRAN - President Mohammed Khatami shows no sign of slowing his drive for greater political and social openness despite conservatives' success in forcing the resignation of his reformist interior minister.

Iranian analysts said Monday that Mr. Khatami's swift move to restore the minister. Abdollah Nouri, to his cabinet in another post showed his determination to carry on with the reforms he promised ahead of his surprise landslide.

election victory 13 months ago.

The daily Jomhuri Eslami, the voice of Mr. Khatami's traditionalist critics, acknowledged that the president's over-whelming mandate — 75 percent of voters backed him in May 1997 could not be ignored, even after the noconfidence vote Sunday against Mr.

The newspaper said in a commentary
"The group that won the impeachment should not get proud of itself and must pay attention that the interests of the nation and the revolution take precedence over those of any faction.'

Deputies in the Parliament, or Mailis, voted to force the resignation of the interior minister on charges of undermining social and political stability in the Islamic republic.

Mr. Khatami struck back almost at once, naming the man he last week called a "blessing" to the new post of vice president for development and sel-

Mr. Nouri's job carries a guaranteed seat in the cabinet and ensures that the former minister's influence will remain largely undiluted.

#### ■ Vote Setback for Khatami

Elaine Sciolino of The New York Times earlier reported from Tehran: Parliament is controlled by Mr. Khatami's enemies. Its action Sunday is the most serious political setback to his presidency since his election victory as well as graphic proof of Mr. Khatami's limited room for maneuver in Iran's Islamic Republic.

The vote was as much an attack against Mr. Khatami as it was against Mr. Nouri, and it is part of a wider campaign led by conservative members of the clergy to discredit officials loyal to the president.

Mr. Nouri, 49, a midranking cleric from Isfahan, has been an outspoken proponent of Mr. Khatami's commitment to impose a rule of law and has come under fire for issuing permits to allow groups to conduct peaceful demonstrations.

Under the constitution, the country's spiritual leader, Ayatollah Sayed Ali Khamenei, and not the president, controls the judiciary, as well as the miles telligence and security services.

But Mr. Khatami has encouraged Mr. Nouri to challenge decisions by the indiciary - particularly the arrest of the Tehran mayor, Gholamhossein Karbaschi, who is on trial on corruption and embezziement charges. The trial is broadcast on television in the evenings.

Mr. Nouri has also strongly supported Mr. Karbaschi and has openly care icized the chief of the judiciary, Ayardlah Mohammed Yazdi, for arresting the mayor in April without telling Mr. Nouri. After several thousand people demonstrated in favor of the mayor, he was released on bail.

#### Another part was that the American military The Elizabeth . Orchard Road Singapore Book Now & Stay in July ( subject to availability ) Special Price quoted is subject to 10% service charge and applicable enveragent ways archiding GST Fax: (65) 732 3866 E-mail : elizabpr⊕pacific,net.sg Complimentary Report

#### TRAVEL UPDATE All Nippon Airways Strike Is Off

TOKYO (Bloomberg) — Pilots of All Nippon Airways have called off a strike that had been scheduled to resume Tuesday over a 15 percent pay cut, the airline and the union

A spokesman for All Nippon Airways Co. said no con-cessions had been offered by the airline in recent days. A spokesman for the Japan Federation of Flight Crew Unions, said pilots would hold a press conference at 10 A.M. on Tuesday. The pilots said last week that they would stop flying Boeing 747-400 aircraft beginning Tuesday if the dispute was not settled. They refused to operate those planes for two weeks in April, forcing the cancellation of 94 international flights, or 12

percent of the airline's overseas schedule. Water Leak Shuts Warsaw Station

WARSAW (AP) - Warsaw's Central Station was closed MARSAW (AP) — Warsaw's Central Stanon was closed Monday and all trains were resouted after a leak in the city water system flooded tracks. Railroad officials said full traffic at the station should be restored by Sunday.

A 90-centimeter water pipe broke Sunday night, flooding and damaging tracks about a kilometer southwest of the station. All inter-city and local trains were rerouted to other Warsaw

stations and the railroad provided buses to transport passengers there. The damage delayed trains for up to 30 minutes.

Italian phone numbers are now be a little longer. Italy's phone company, Telecom Italia, is requiring area codes even for local calls. To make a call within Rome, for example, you now need to dial 06, the city's area code, before the number. To call the Italian capital from abroad you need to dial the country code, 39, as before, then 06. If you forget the new codes, you'll still get through, but only until Dec. 31, 1998. (AP) Europe

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#### THE AMERICAS

Clinton Squeezes Cigarette Makers After Defeat in Congress, He Orders Annual Check on Underage Use

By John F. Harris ashington Post Service

WASHINGTON - President Bill Clinton announced Monday that the federal government would begin conducting annual surveys to determine cigarette-brand share in the market for underage smokers — a defiant gesture aimed at tobacco companies and their supporters in Congress.

Recoiling from the collapse of comprehensive anti-smoking legislation in the Senate, Mr. Clinton issued an executive order directing the Department of Health and Human Services to begin documenting which brands enjoy favor among smokers between the ages of 12 through 17, as part of the yearly Na-tional Household Survey on Drug

The tobacco bill, which stalled after failing to win the necessary 60 votes to end debate, would have called for such research into the youth smoking market. In one of its more controversial provisions, the bill also would have imposed large financial penalties on cigarette companies that did not reduce their sales to youngsters by 30 percent over five years, and 60 percent over a

Those penalties, which provoked vociferous objections from the tobacco companies, cannot be imposed now that the legislation is dead. Moreover, they on individual companies. were likely targets for a challenge on constitutional grounds if the bill had

But Mr. Clinton's aides said there was logic behind performing the market research anyway.

President Clinton, they said, has two objectives. The first is to project a public message of optimism. Mr. Clinton insists there is a chance that comprehensive tobacco legislation will pass later this year, and that it makes sense to get a head start on brand surveys that will be needed to monitor the cigarette companies' performance in reducing sales to

But even if the legislation never be-comes law, administration officials said, the surveys will be a useful way to put public opinion pressure on the companies.

For the first time, we'll have clear evidence of which companies are responsible for this problem," said an administration official who works on the tobacco issue, "We'll be able to see which companies are targeting youth." A tobacco industry spokesman, Scott

Williams, said cigarette companies had agreed to support general research into the reasons for youth smoking. But he added that the industry objected to per-

He dismissed President Clinton's plan as a "political gesture" aimed at stigmatizing tobacco and diverting at-tention from his inability to win passage of the tobacco legislation — his top domestic policy priority.

Mr. Williams said President Clinton was at fault for not exerting greater leadership to implement a settlement agreed to last June by state attorneys general and the major cigarette makers, after consultations with the White

Among several provisions of that agreement, cigarette companies reluctantly agreed to pay the government up to \$2 billion in annual "look-back" penalties if youth smoking did not decline enough. The fees would have been paid by the industry as a whole, without reference to which brands were popular among young people.

The failed bill, sponsored by Senator

John McCain, Republican of Arizona, and amended at White House insistence, would have increased the maximum annual penalty to \$3.5 billion, and would have imposed additional penalties on companies that fell short.

These company-specific fees would have been \$1,000 per smoker for every smoker beyond the target.



Julie Thomas of St. Petersburg, Florida, placing flowers in Washington at the Vietnam Veterans Memorial near the name of her with riot policemen in a suburb of San husband, James R. Thomas, listed as missing in action in Vietnam in 1971. She said it was "my first picnic with my husband in 27 years."

#### **Away From Politics**

 Presale checks under the federal Brady law blocked the U.S. sale of some 69,000 handguns in 1997, more than half because the prospective buyer was a convicted felon or was under a felony indictment, the Justice Department said. This was 2.7 percent of the 2,574,000 U.S. applications.

 A National Park Service tanger was shot and killed as he checked out complaints that a man with a rifle was threatening visitors at a scenic overlook near Cherokee, North Carolina, about 60 miles southeast of Knoxville, Tennessee. The ranger was killed by a shot to the chest that pierced his protective vest. (AP)

• A rescue helicopter picked up two British climbers from Mount McKinley in Alaska, where they had been stranded without food in bitter cold for more than three days. They were hospitalized in good condition.

 Hundreds of firefighters battled wildfires in north Florida as scattered thunderstorms brought not only welcome rain but also lightning that triggered more than 80 new fires. (AP)

 Striking telephone workers clashed Juan, Puerto Rico, injuring at least six people, three seriously.

# Supreme Court Strikes Down Fine

WASHINGTON - For the first time in its history, the Supreme Court on Monday struck down a fine as uncon-

The court ruled, 5 to 4, that the federal government cannot always seize and keep all the money people try to take outside the United States without filing the proper reports. Rebuffing Clinton administration arguments, the court said

a federal law that always subjects such money to forfeiture violates the constitution's ban on excessive fines. A federal law requires that anyone who moves more than

\$10,000 in cash or other "monetary instruments" out of the United States must report it to the Treasury Department. People who fail to do so can be sentenced to up to five years in prison and be fined a maximum of \$250,000. The law also requires sentencing courts to order the un-

reported money forfeited. Writing for the court, Justice Clarence Thomas said such a forfeiture amounts to a fine, and some forfeitures are so disproportional to the offense that they violate the Eighth

Amendment's ban on excessive fines. The decision was a victory for a California gas station owner, who in 1994 tried to leave the country with \$357,000 in his and his wife's possession.

Hosep Krikor Bajakajian, who owns two service stations in Hollywood, was detained by U.S. Customs agents in Los Angeles on June 9, 1994, as he and his wife waited to board an

The agents, alerted by a currency-detecting dog, found \$357,000 in cash that Mr. Bajakajian had not reported. His lawyers said Mr. Bajakajian did not trust government authorities. He pleaded guilty to violating the reporting

was sentenced to three years probation and fined \$5,000. The federal judge who presided over Mr. Bajakajian's trial found that the money was not linked to illegal drugs or gambling, was not stolen and was not being laundered for tax

evasion or any other reason. The judge ordered that only \$15,000 of the unreported cash be forfeited, ruling that forcing Mr. Bajakajian to lose any more would be "grossly disproportionate" to his crime.

#### POLITICAL NOTES

#### Big Battle in New Mexico

ALBUQUERQUE, New Mexico — The battle for control of Congress has started early here with a special election for an open seat in the House of Representatives, drawing Hillary Rodham Clinton and other top Demo-

crats to energize voters.

Mrs. Clinton joined the House minority leader, Dick Gephardt of Missouri, and Representatives Patrick Kennedy of Rhode Island and Loretta Sanchez of California at a campaign rally on Sunday for the millionaire Democratic nominee, Phil Maloof of Albuquerque. He is in a tight race with the Republican candidate,

Heather Wilson, a former air force officer and state agency administrator. The two are vying in a special election Tuesday to replace Steve Schiff, a Republican who died in March. At stake is momentum for the November elections, with Democrats hoping to win back control of the House. If

Mr. Maloof wins, the Republican margin in the House

#### Consultants Blame the Media

shrinks to 10.

NEW YORK - As politicians moan about interminable fund-raising demands to pay for brutal attack commercials, consultants who run many of their campaigns and make many of the advertisements say that it is not their fault and suggest that if anyone is to blame for public despair about the system, it is the news media.

A survey of more than 200 political consultants made public by the Pew Research Center for the People and the Press and the Center for Congressional and Presidential Studies at American University found that the consultants were driven more by the thrill of the competition than by ideology. And, by an overwhelming proportion, they believed that focusing on an opponent's weaknesses is

perfectly acceptable.

This is the first time that so many leading consultants - most have been involved in major races over the last three election seasons - have been interviewed for one survey. While more than half of those surveyed blamed the media for discouraging people from running for office
because news organizations dwell too much on the personal lives of candidates, many consultants made it clear
that they were not impressed by their own candidates. Most consultants emphasized the importance of their own roles and also criticized the public as poorly informed and lacking sound judgment about issues. (NYT)

#### Quote/Unquote

President Bill Clinton, ordering the government to survey teenagers on which brands of cigarettes they smoke, as a way to hold tobacco companies accountable for "targeting children" with advertising: "Once this information becomes public, companies will then no longer be able to evade accountability, and neither will



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VALENCIA

By Tom Buerkle

LONDON - Global measures to reduce the production of ozone-depleting chemicals are proving effective, with concentrations of the chemicals expected to decline in the upper atmosphere after the year 2000, leading to a slow recovery of the ozone layer, international organizations announced Mon-

The report, released in Geneva by the World Meteorological Organization and the United Nations Environment Program, was the first assessment of ozone-protection measures in four years. It provided the best evidence to date that an agreement by developed countries to stop production of chlorofluorocarbons, the most-damaging group of chemicals, in 1995 was having

The rate of ozone loss in the stratosphere at the Earth's midlatitudes, where the world's populations are concentrated, has slowed in recent years, the report found.

The ozone depletion at midlatitudes in the Northern Hemisphere in winter and spring, for example, averaged 5.4 percent from 1994 to 1997, almost a third less than the depletion that meteorologists had projected four years

The ozone layer is a protective shield of gas that absorbs harmful ultraviolet rays of the sun. The holes are blamed for causing skin cancer and cataracts.

"The Montreal Protocol is working," the report states, recently 1987 global agreement to limit prothe report stated, referring to the duction of ozone-depleting substances. "A full recovery of the Earth's protective ozone shield could occur by the middle of the next century, but it would require that the protocol is fully implemented," it said.

Klaus Toepfer, the executive director of the UN Environment Program, welcomed the findings but urged countries not to relax their efforts.

While most industrial countries are complying with the protocol, officials noted that developing countries have until 2005 to end chlorofluorocarbon production and the booming economies of China and India have lifted their emissions above earlier projections.

As a result, stratospheric concentrations of ozone-depleting chemicals are expected to peak around the year 2000 and then decline only at a slow rate, said Rumen Boikov, special adviser to the World Meteorological Organization on ozone depletion.

Mr. Bojkov and the report also stressed that ozone recovery will be affected by general climate conditions and by compounds linked to global methane.

As a result, the health of the ozone layer will depend on the willingness of countries to meet their targets for reducing global warming chemicals, agreed at a UN conference in Kyoto. Japan, last year.

Mr. Bojkov said it could take another 20 years before scientists have unambiguous evidence that the ozone layer is



Louise Woodward telling the BBC that she is innocent in the death.

# Au Pair in Baby's Death Says She's a Scapegoat

LONDON - In her first in-depth interview since she returned home from the United States last week, Louise Woodward said that she was made a scapegoat for the death of a baby in her care because the authorities had to find someone to blame.

"The mentality is that somebody has to pay," she told the British Broadcasting Corp. "You know, and that seemed to be the problem, that, well, if the parents didn't do it, who did? There's only you left." Prosecutors in Massachusens said

that Miss Woodward, the au pair who was convicted of manslaughter. shook 8-month-old Matthew Eappen to death in February 1997. She has maintained her innocence.

diately available for comment.

But the attorney representing the Eappens in a civil suit against Miss Woodward said the young woman 'already told her story and was found guilty beyond a reasonable doubt by a jury, a judge and seven justices of the Massachusetts Supreme Court.

"It is obvious she is now more interested in her celebrity status than the truth," said the attorney, Fredric

According to excerpts of the in-terview that were broadcast by the BBC, Miss Woodward said: "There was the whole feeling that somebody had to pay and that somebody had to be me. But like I say, you know, I didn't do anything wrong."

She was allowed to leave the United States after the Massachusetts high court upheld a lower court judge's decision in November to reduce her second-degree murder conviction to manslaughter and sentence her to the 279 days she had already spent in prison. Miss Woodward, 20, said she was

fortunate that her sentence was not

a long time for an innocent person to

"For when it's 279 days of agonizing, worry and pain, being torn away from your family, being locked up in a prison in a strange country and please remember that I was 18 when I went into prison - and being scared, for something that you didn't

# A NATO No Longer Just for Defense

Secretary-General Foresees a Growing Activist Role in Crises

By Joseph Fitchett International Herald Tribune

BRUSSELS - "What kind of world are we living in when people are demonstrating outside my windows at headquarters with placards saying 'NATO, save us'?'' Secretary-General Javier Solana asked a visitor.

The people who were calling on NATO to help them were ethnic Al-banians from Kosovo—the latest group to turn to NATO for membership or

Mr. Solana's question highlighted the dramatic change in the alliance's role

from being a defense bulwark Nowadays, NATO is increasingly an alliance projecting stability beyond its own territory and a force reaching out to manage crises further and further afield.

"NATO is becoming not just a mil-itary alliance but a political organization," Mr. Solana said in an interview. That new role's complexity has often obscured the alliance's identity as the alliance gropes its way forward, and no one seems more sensitive to these ten-

sions - or more comfortable offering a

pragmatic approach to overcoming them - than Mr. Solana. Certainly no one is better placed to feel the irony of people calling out for NATO than Mr. Solana, 56. More than a decade ago as a Socialist foreign minister of Spain, he opposed his country's membership in the alliance, only to change his mind ("Only idiots never change their opinion," he said at the

Three years ago he became the top civilian leader of the North Atlantic Treaty Organization — just as it hit its new stride in Bosnia-Herzegovina, en-largement and a new dialogue with

Moscow.

"This place has become the magnetic pole on security issues," Mr. Solana said, meaning that NATO seems to be steadily securing a more dominant stature in people's thinking with every

crisis in European security.

A NATO ambassador explained:
"We've become a very self-confident organization with our recent successes, and I suppose that we're going to have to go on putting ourselves in places where angels used to fear to tread."

The Kosovo crisis last week again spotlighted NATO and Mr. Solana as he stried to meet receptor states, and its meet receptor states.

tried to mesh member states' political stances and NATO's military plan-

Simultaneously, he was the point man in the alliance's stumbling dialogue with Moscow, trying to persuade Russian leaders to support Western pressure on the Yugoslav leader, Slobodan Milosevic, and perhaps make the Kosovo crisis a confidence builder -- and not a confidence breaker -- in long-term relations between Russia and

All of these are ground-breaking steps for NATO.

In Kosovo, the alliance has for the as a political tool to head off a civil war. This "preventive diplomacy," as it is known in the jargon of geopolitics, is something that NATO leaders had planned to discuss as a possible ambition for the alliance in the next de-

"To some extent, we just have to go ahead where there are threats, and we'll work out the theory later," Mr. Solana

NATO, politically trickier than peacokeeping. Even in Bosnia, the alliance was invited in only after a political settlement.

True, the Serbs had been brought to the bargaining table in large part by allied air raids, but alliance leaders had waited until prolonged bloodshed had convinced international opinion of the need to act.

In contrast, NATO governments seem close to political consensus favoring military action in Kosovo even though the toll of ethnic Albanians so far is "only" 300 dead. The military risks are graver.

If NATO intervened to force an end to the fighting, it would probably have to knock out part of Serbia's air defenses — a robust Soviet-built system that had no equivalent in Bosnia.

The main planning is done under NATO's supreme commander, always a U.S. officer - currently General Wesley Clark. But the secretary-general always a European - has an international staff of about 200 uniformed officers from allied countries to help ensure that military tactics match member states' political strategies.

NATO's ties with Moscow are a top priority - "more important in the long run even than Bosnia or Kosovo," an alliance ambassador said, explaining that the bloc has emerged as a key intermediary in Western efforts to reach

a new relationship with Russia. Mr. Solana won his spurs with his

Preventive diplomacy is a new use for success as the prime negotiator with Russia about NATO expansion. His diplomacy also took him to Po-

land, which is in the process of becoming a big new ally; to the Baltic states, and to Italy, where he met with Kofi Annan, the United Nations seeretary-general, and the head of the Organization on Security and Cooperation in Europe, an umbrella body that could be useful in developing a mandate for NATO intervention in Kosovo.

None of his roles - running the alliance, building allied consensus and doing NATO's diplomacy—gives Mr. Solana the power of final decision. That belongs to the 16 member states.

Instead, Mr. Solana's job is to ensure that the 16 capitals (soon to be 19) stay roughly in step — and that Moscow is brought along as far as possible.

That may explain why Mr. Solana, a physicist-turned-politician, said his most satisfying moments on the job were the times "when I can be the

catalyst of consensus."
"He's a politician, a consummate one, and just what we needed since the alliance had already developed a vague strategic blueprint for its post-Cold War role, "a NATO ambassador said.

The strategic vision came largely from Manfred Woerner, an ex-German defense minister who was secretarygeneral from 1986 to 1992.

Mr. Solana's style — low-key but relentlessly energetic — is credited with helping NATO move past problems without getting hung up on theory.

# Italian Government Split As NATO Debate Begins

ROME —Italy's governing parties were badly divided on Monday as the Chamber of Deputies began debating NATO expansion.

The government's main ally, the far-left Refounded Communist Party, op-poses the expansion and has said it will vote against the treaty in the lower house. The vote was expected Tues-

But the center-right opposition, as well as a small group of centrists, sug-gested they could come to the aid of the government of Prime Minister Romano

The government would need at least some of their votes to ratify the treaty because it cannot muster a majority on its own in the lower house.

The treaty must be ratified by all 16 North Atlantic Treaty Organization members, plus the three eastern European candidates: Poland, the Czech Re-

public and Hungary.

The vote has become the subject of internal politics among Italy's parties as the center-right opposition led by Silvio Berlusconi is hoping to use it to bring

down the government. Mr. Berlusconi and his allies have called for Mr. Prodi's center-left government to resign if it fails to secure the votes of Fausto Bertinotti's commu-

'No one would understand, and it would be a true insult to our national interests, if Parliament voted against NATO's expansion purely for motives

of internal politics," said an editorial in

La Repubblica newspaper Monday. The Senate, where Mr. Prodi has a

clear majority, has ratified the treaty. If the division in the governing bloc does prompt a vote of confidence, Mr. Bertinotti has said he will close ranks and keep Mr. Prodi in office.

Refounded Communist Party depu-

ties are opposed to NATO, let alone its enlargement. Although the party has said that it will vote against the motion, other supporters of the coalition have appealed for it to abstain.

An abstention, although highly unlikely, would lower the number of votes needed to pass the measure.

The main Freedom Alliance oppo-sition bloc, led by Mr. Berlusconi, supports NATO enlargement, as does the new UDR centrist party founded by a former president, Francesco Cossiga.

Boosted by a good showing in local elections earlier this month, the Freedom Alliance has demanded that Mr. Prodi resign after the vote in acknowledgment that he no longer has an effective majority.

"A new 'no' from" the Refounded that the government is without a majority in the big issues of our foreign policy and that it is not in a position to fulfill its international commitments," Mr. Berlusconi said.

The UDR, a small group made up of centrists who defected from the centerright and center-left parties, favors NATO expansion but has not yet committed itself to support the Prodi government on this issue. (AP, Reuters)

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6 Envoys Quit Minsk in Rift Over Eviction From Houses MDSK - Asit Side

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#### **EUROPE**

#### 6 Envoys Quit Minsk in Rift **Over Eviction** From Houses

Agence France-Presse

MINSK — Ambassadors from the
United States and five European Union pulled out of the capital of Belarus on Monday in a dispute over diplomatic

The governments represented by the ambassadors vowed to expel the Be-

Alarus counterparts.

Minsk countered with a charge that

the ambassadors had violated the Vienna Convention on diplomatic behavior by failing to respect the laws, tra-ditions and culture of the host country. At issue was the government's de-cision to evict about 20 ambassadors from their residences in Drozdy, a park-

like compound. Last week, the president of Belarus, Alexander Lukashenko, annexed the compound into the Presidential Palace grounds. To underscore their displeasure, the countries involved - Britain, France,

Germany, Greece and Italy as well as the United States - recalled their am--bassadors for consultations, and an-nounced that they wanted the Belarus ambassadors withdrawn from their cap-The EU members said they would

expel Belarussian ambassadors in protest, while the United States said it had ordered the Belarussian envoy, currently in Minsk, not to return to Washington until the issue was cleared up. The Belarussian envoy to the United

States, Valeri Tsepkalo, will be asked to remain in Minsk during the period of consultations, the American ambassador, Daniel Speckhard, said as he pre-pared to board a flight for Frankfurt. "This is very dangerous for our re-

lations," added the German envoy, Horst Winkelman. "I hope that the question will soon be resolved, but this depends on the intelligence of the authorities here." The Japanese chargé d'affaires,

Shijeo Natsui, said he was set to leave. Earlier, the British Embassy in Minsk issued a statement on behalf of the European Union indicating that Belarussian envoys would soon be asked to leave.

"The EU stands ready to resume a dialogue with the Belarussian governit stressed, adding that talks would only be possible when the Belarus authorities respected "the fundamental principles governing diplomatic relations and representations.

Belarus cut off water and electricity and barred access to the houses.



Daniel Spekhard, the U.S. envoy, on a phone at the Minsk airport.

#### Britain to Lower Consent Age for Gay Sex

Reuters LONDON - Britain was set to lower the age of consent for homosexuals to 16 from 18 on Monday despite strong opposition from the Church of England.

Parliament was expected to back the change by a two-to-one majority. The legislation would align the homosexu-

al and heterosexual age of consent. The Church of England said lowering the age of consent for homosexuals "may give wrong messages."

Opponents of the change were trying to garner support for an amendment that would make homosexual acts involving minors and adults in positions of authority an offense.

#### BRIEFLY

#### Moscow Cleaning Up

MOSCOW — The cleanup and re-pair bill from a powerful weekend storm will be about 100 million rubles (\$15 million), city officials said Mon-

day. The death toll rose to nine, with more than 280 injured. The city deployed thousands of workers to clean up the mess from the storm, which struck shortly before midnight Saturday. Boris Nikolsky, a top deputy to Mayor Yuri Luzhkov, told the In-

terfax news agency that most of the work should be done within three days. The thunderstorm, bearing near-hurricane force winds, raged for about 30 minutes, uprooting thousands of trees, smashing windows and flattening small shops. The Bolshoi Theater, Kremlin walls and Moskva Hotel near

Red Square were all damaged. Mr. Luzhkov said power lines were downed in more than 700 places. (AP)

#### Turkey Recalls Envoy

its ambassador from Switzerland for regret," a ministry spokesman, Valeri

consultations, apparently because of Nesterushkin, said at a briefing for the irritations about a Swiss refusal to let press. Turkey celebrate the 75th anniversary of the Lausanne Treaty in that city, the

news channel NTV said. Foreign Minister Ismail Cem is to send a letter to his Swiss counterpart, expressing Turkey's "indignation" over the Swiss anitude and warning of the consequences for bilateral ties,

NTV said. According to NTV, Ambassador Taner Baytok was recalled after the Swiss authorities refused to permit a celebration of the treaty, signed by Ankara and the World War I victors over the carving up of the Ottoman

#### Russia Denies Spying

MOSCOW -- The Foreign Ministry said Monday it regretted the expulsion of one of its diplomats from Switzerland and dismissed suggestions that he

had been spying.
"This action of the Swiss authorities, taken without any explanation of

Mr. Nesterushkin said the unnamed diplomat, whose expulsion was announced on Sunday, had returned to Moscow some time ago. He had been working with Russia's delegation at the United Nations in Geneva. (Reuters)

#### EU Farm Talks Start

LUXEMBOURG - European Union agriculture ministers started a fourday marathon session in Luxembourg on Monday, facing a long agenda including some sector reforms and set-ting farm prices and set-aside levels (the amount of land to be kept out of cultivation) for 1999/2000.

The initial meeting on Monday was being devoted to a review of the various ministers' positions on the list of topics, including reforms relating to

tors. Observers said that in view of the stakes involved for the various EU members, the meetings can be expec-ANKARA — Turkey has recalled the motive, evokes our surprise and ted to stretch out to Thursday, and maybe even Friday.

In a survey conducted in

May among 6,000 people across Russia, the Institute for

the Sociology of Parliament-

arism found that I I percent of

Russians thought fascists

could come to power.

#### Yeltsin Fears a Fascist Trend in Russia

tury,

The Associated Press MOSCOW - President Boris Yeltsin used a radio speech to the Russian people on Monday, the 57th an-niversary of the German-led invasion of the Soviet Union. to warn that a neofascist

movement was spreading in post-Communist Russia. Hitler looked down on Russians and other Slavs as unworthy people, suitable for little more than manual labor to serve the Third Reich. His declared aim in the invasion, joined by several East European countries, was to destroy Bolshevism.

Over the last few months, Moscow has seen an increasing number of racist attacks skinheads and others, drawing attention to the small but violent extremist move-

ment. "Half a century ago, our country saved the world from fascism," President Yeltsin said in his radio talk. "But today, it is raising its head in Russia, stupefying our youth."

Often poorly educated and

without hope of finding good tremism in Russia today,' work, some disaffected Mr. Yeltsin said.

"Our common duty to the

memory of the victims of fas-

youths blame racial and religious minorities for their troubles, and call for a cism is not to allow the rebirth "strong hand" to regain Rus-sian prosperity. of the 'plague of the 20th cen-tury, "he said. sian prosperity. "Under the cover of fine

words about the revival of Russia, of its national spirit, they are again looking for an enemy - to humiliate, to lock away in prisons, to shoot," Mr. Yeltsin said.

Although statistics are inconclusive, both neo-Nazis and human rights groups estimate that there are about 4,000 neofascists in Moscow, mostly young males.

They are becoming more active,

Last month, a bomb exploded at a synagogue in the capital, injuring two people and causing extensive damage. Jewish leaders blamed fascist groups.

A black American Marine

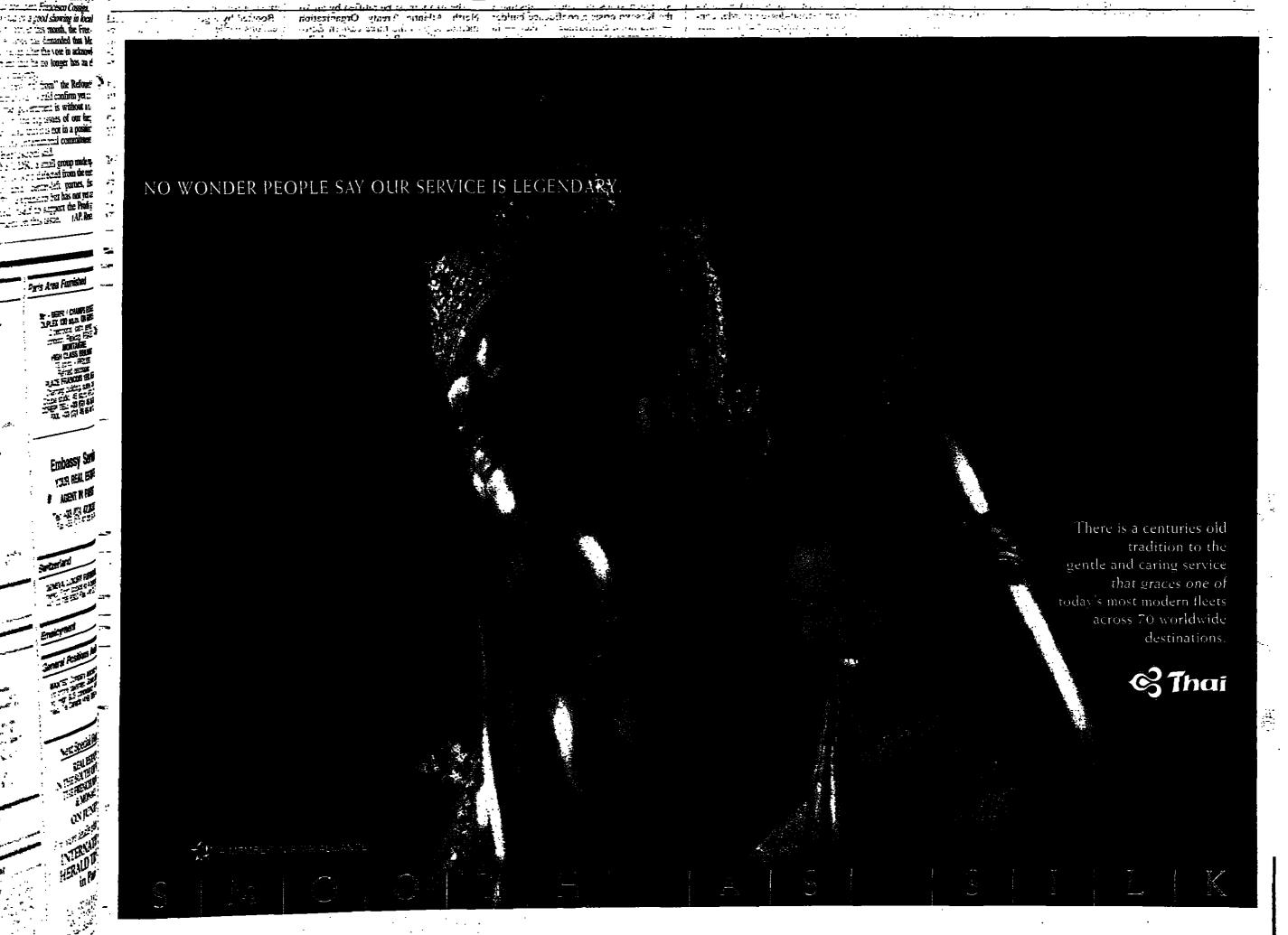
was badly beaten by four skinheads at a market.

"I am worried that not everybody is aware of the reality of the threat of ex-

"Every piece of jewelry has a story to tell"



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#### Nuclear Deal Is Seen as Step Out of Isolation

NEW DELHI - India on Monday was savoring a deal with Russia to build the Subcontinent's first large nuclear power stations, a move that appeared to open a breach in the show of international unity against India's nuclear tests.

Indian specialists and officials said the decision by Moscow to revive a 10year-old pact on the construction of two 1,000-megawatt nuclear reactors in southern India had broken the perceived isolation of the country after its underground nuclear tests last month.

But the sanctions took a further toll Monday as the value of Indian stocks and bonds declined and the country's currency, the rupee, fell to a record low against the U.S. dollar. Indian politicians contend that the country can withstand the U.S. sanctions that went into effect last week, but business leaders are less certain. The dollar closed Monday at 42.74 rupees, up from 42.20 Friday, as banks and importers rushed to buy dollars.

On Sunday, the Russian atomic energy minister, Yevgeni Adamov, and the chief of the Indian Atomic Energy Commission, R. Chidambaram, initialed a pact to extend the reactor deal. which had been on hold since the collapse of the Soviet Union and which is now estimated to be worth \$3 billion.

The United States condemned Russia's decision. "This is not good news," the State Department spokesman, James Rubin, said in Washington. "It's the wrong message at the wrong time, and we are going to urge the Russians to reconsider."

After worldwide condemnation of its nuclear weapons tests, India sees the deal on the reactors as a breakthrough.

'There is an important signal involved here," said K. Subrahmanyam, an Indian defense expert. Despite condemnation of the nuclear tests by the UN Security Council, "it is quite likely more and more powers will realize it is better to do business as usual with India," he said.

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Russia, one of the five permanent council members, joined in the global condemnation of the Indian nuclear tests and the countertesting by Pakistan but opposed punitive economic sanctions, saying they would hurt the poor.

A diplomat in New Delhi said some Western countries were viewing the reactor deal with regret because it could puncture attempts by the nuclear powers to maintain a common stance on India. "I think the timing is quite unfor-

tunate" the diplomat said. The diplomat said that Moscow could go ahead with the deal on the ground that it had been in the pipeline for years, but that it did not necessarily mean the door to additional nuclear cooperation between India and Russia was open.

Moscow, the diplomat said, is bound by guidelines of the Nuclear Suppliers Group, under which reactor technology is to be sold only to countries that permit international inspections. An Indian official familiar with the reactor deal said that the power station in Kudankulam would be subject to safeguards by the International Atomic Energy Agency. But this international control will apply only to the Kudankulam facility and not the entire Indian nuclear program.

New Delhi is hoping its traditionally good relations with Moscow will help it weather the international opposition to its nuclear tests, and both countries are seeking to bolster military ties. Last week, a high-ranking Indian military delegation was in Russia looking at military equip-ment, including fighter planes and air defense systems.

"More than this, there is a defense agreement that will likely be signed when President Yeltsin visits later this year." Mr. Subrahmanyam said, referring to a visit by Boris Yeltsin that had been scheduled for January but was postponed.

"That should send some good signals to the rest of the world," Mr. Subrahmanyam said. (Reuters, AP)

#### ■ India Renews Offer of Talks

Prime Minister Atal Behari Vajpayce of India renewed an offer on Monday for talks with Pakistan on all issues, including Kashmir, Reuters reported, quoting dispatches from Indian news agencies.

Mr. Vajpayee suggested no date or venue for a resumption of talks and described as "regrettable" calls for third-party mediation of the dispute over the Himalayan region, two-thirds of w.' h is controlled by India.

Pakistan has said that the Kashmir dispute is a "core issue" that needs to be settled first and has urged major powers to help defuse the dispute. But United News of India quoted Mr. Vajpayee as saying, I call upon Prime Minister Nawaz Sharif to embrace the spirit of the Shimla agreement and join me in a fruitful and sustained dialogue on a whole array of bilateral issues, including Kashmir.'

Under a peace agreement signed in Shimla in 1972 it was agreed that any talks on Kashmir should be bilateral.

"Voices for third-party mediation are being heard," Mr. Vajpayee said. "With our common experience of colonialism, we should be cautious of such attempts to internationalize problems in the region."



Filipino policemen and students battling Monday during a protest at the presidential palace over the burial.

# Estrada Curbs Marcos Burial Ceremony

#### Only Family Can Attend, He Says, Forbidding Political Speeches

MANILA — President-elect Joseph Estrada told the widow of Ferdinand Marcos on Monday that he would allow the former president's burial at Heroes Cemetery if only family members attended and if there were no political

Seeking to calm a political storm after he agreed that Mr. Marcos could be buried alongside former presidents and war veterans, Mr. Estrada made public a copy of his letter to Imelda Marcos. Mr. Estrada specified that no organ-

ized groups would be allowed along the route to the cemetery, that the rites should be strictly religious and that "the funeral shall be limited to the immediate Marcos family of not more than 50 persons." "No political statements shall be

made," his letter said. A longtime Marcos supporter, Mr. Estrada said that he might attend the funeral, planned July 11 in the capital.

Mr. Marcos died in exile in Hawaii in 1989, and his preserved body has been kept since 1993 in a glass case in the family mausoleum in his hometown in northern Ilocos Norte Province.
"My motivation is simple," Mr. Es-

trada said in his letter. "I hope that by finally laying to rest his mortal remains, the decade-long turmoil over the issue

will subside." Human rights groups have attacked the burial plans, saying that a dictator and a man who plundered the country has no place in the national cemetery.

protest outside the presidential palace

on Monday, carrying signs that read:
"No to Heroes' Burial" and "Remem-

Mrs. Marcos has been sentenced to 12

The outspoken head of one of the

Philippines' most successful industrial

estates said Monday that he would defy

plan by Mr. Estrada to remove him

Richard Gordon, chairman of the

from removing him from the Subic Bay

freeport, a former U.S. naval base north

"I'm ready to debate with him in court about this." Mr. Estrada says he plans to

fire Mr. Gordon on his first day in

Olongapo City outside the Subic base,

fought fiercely against Philippine sen-

ators, including Mr. Estrada, who voted

in 1991 not to extend the U.S. lease on

the base. The naval facility was closed

Mr. Gordon, former mayor of

"This is personal," Mr. Gordon said.

years in jail for graft but is free on bail

ber the Victims, the Sufferings."

while her case goes to appeal.

■ Estrada Foe Defiant

of Manila.

the following year.

Communist guerrillas, infuriated by Mr. Estrada's decision, said Sunday that they were forming special units to kidnap Mrs. Marcos and her children and put them on trial for "crimes against the people." The outgoing president, Fidel Ramos, ordered tighter security for the Marcos family.

from office, The Associated Press re-Mr. Ramos said he had also directed the military and the police to ensure that rebels did not disrupt Mr. Estrada's in-Subic Bay Metropolitan Authority, said auguration as president on June 30. Besides targeting the Marcoses, the he would go to court to stop Mr. Estrada

Marcos's top associates, but did not name them. A spokesman for the Communist New People's Army, Gregorio Rosal.

leftist rebels said they would abduct Mr.

said in a radio interview that the rebels planned to set up a special court to try the Marcoses. 'We all know they committed high

crimes," he said. Asked if the rebels would impose the death sentence on the Marcoses, he said, "Let us leave it up to the court and to the revolutionary move-

A dozen students staged a noisy

active-service army generals and six retired generals. Taiwan Pools Shut

istry said Monday.

TAIPEI - Health authorities in Taiwan closed school swimming pools on Monday in hopes it would help curb an intestinal virus that has already killed 50 children.

Because of Virus

BRIEFLY

4 Officers Arrested

In Korean Scandal

SEOUL - The South Korean

Army's adjutant general and three other officers have been arrested in

a draft scandal, the Defense Min-

ministry also issued a list of 400

people it said were under investigation on suspicion of taking or

giving bribes to help the sons of the wealthy or influential avoid mil-

itary service.
The list named 267 civilians and

133 army officers, including seven

In announcing the arrests, the

Authorities will consider whether to reopen the pools on July 1, and are debating whether to cancelsummer camps and swimming programs. Operators of commercial swimming pools were being asked to bar children under 12 years old, who are particularly vulnerable to the enterovirus 71 that has swept over much of the island.

#### 87 Reported Killed In Sri Lanka Battle

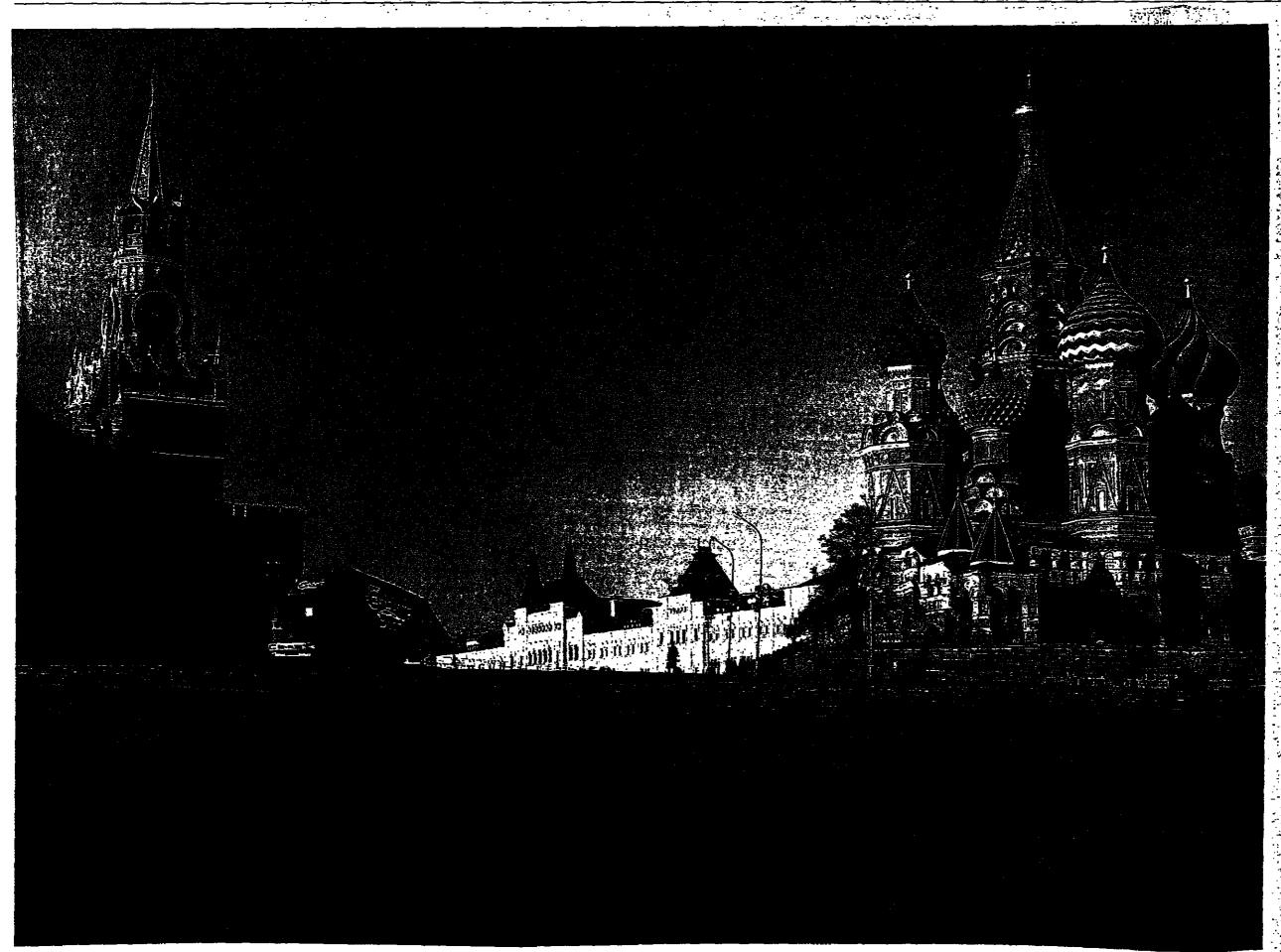
NEW DELHI - Heavy new fighting raged in northern and east-ern Sri Lanka on Monday, and gov-ernment troops and Tamil Tiger guerrillas lost at least 87 combatants, according to rival claims.

Government forces opened a

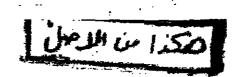
new front against the rebel Liberation Tigers of Tamil Eelam in the east with an offensive against the rebel-held town of Vakarai, the military said.

#### For the Record

The head of Indonesia's largest Muslim group and an ethnic Chinese tycoon on Monday jointly urged Chinese Indonesians who fled last month's rioting to return from abroad and help restore the economy.



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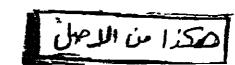
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#### Le Monde 09/10/96

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Le Credit Communal de Belgique et le Crédit local de France fusionnent dans Dexia.

Le nouvel ensemble

pèsera 40 milliards de francs de fonds propres. La fusion économique annoncée en mars entre le Crédit local de France (CLF) et le Crédit Communal de Belgique (CCB) va prochainement devenir effective. Des assemblées générales d'actionnaires sont appelées le 9 et le 14 octobre à approuver les modalités du rapprochement. Le CLF et le CCB vont devenir des holdings et transférer tout leur contenu à deux sociétés opérationnelles dont chaque partenaire détiendra 50 %.

#### LA VIE, FRANÇAISI

Dexia, c'est le nom

du groupe bancaire européen né de la fusion entre le Crédit local de France et le Crédit Communal de Belgique, approuvée en assemblée générale des actionnaires le 9 octobre. Le dividende exceptionnel de 25,50 francs, avoir fiscal compris, sera mis en paiement le 16 décembre prochain. Conserver le Crédit local.

#### Vinancial TLID

21/11/96

De vliegende start van Dexia Belguim. De oude parketvloer van de beurs van Brussel deed nog eens uitzonderlijk dienst. Niet als centrale verhandelingsplaats maar als een soort ontbijtkamer waarbij de genodigden "live" konden meemaken hoe de Gemeentekrediet-Holding, bekend als "Dexia GK" op de schermen, een vliegende start zou nemen. Terwiji de eerste minuten hectisch verliepen, bleef de preciese

verdeling van de aandelen een beter bewaard geheim.

#### LE SOIR

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Dexia est né. Reste à lui donner du contenu... Dexia fixe son premier objectif: des acquisitions. Le groupe bancaire belgofrançais dispose d'un trésor de guerre pour financer ses futures emplettes européennes.

#### LA LIBRE BELGIOUE

Le groupe Dexia s'est assuré les moyens de ses ambitions internationales. Le p. esident François Narmon n'exclut aucun marché pour donner au groupe belgo-français une nouvelle dimension.

#### FINANCIAL TIMES

25/02/97 Crediop deal completes Dexia network.

Dexia, colosso francobelga del credito agli enti locali, acquista il 40 % del Crediop e prenota i'1 % della banca torinese. Il San Paolo trova soci Oltralpe. L'operazione vale

500 miliardi. Per l'istituto di Zandano utili a 600 miliardi.

## 28/02/97

ACTIF. Crédit local de France. Nouveau coup d'éclat pour le Crédit local de France. Fruit de sa fusion, l'an dernier, avec le Crédit Communal de Belgique, le nouvel ensemble Dexia vient de prendre 40 % de l'italien Credion, specialiste des prêts aux collectivités transalpines. Les marchés ont plutôt bien réagi à cette nouvelle. Il est vrai que les agenu. de notation financière Standard & Poor's et Moody's se sont empressées de réaffir-

dans la strategie des deux groupes. Dexia qui devrait débourser entre 1,6 et 1,9 milliard de francs pour cette opération, n'envisage pas d'augmenter sa participation

mer leur confiance

#### Het Nieuwsblad 02/04/97

dans Crediop.

Gemeentekrediet boekt winst van 10 miljard. De groep Dexia, de alliantie tussen het Gemeentekrediet en

Crédit local de France (CLF), haalde in 1996 een nettogroepswinst van 19,4 miljard frank. Hoewel Dexia in 1995 nog niet bestond, stelde de groep pro forma-resultaten

op voor dat jaar.

Daaruit blijkt dat de

winst in 1996 tegen-

over 1995 is gestegen

met 13,1 procent. Het

Gemeentekrediet zelf

boekte een nettowinst

van 9,7 miljard frank,

dan een jaar geleden.

"En net de helft van

topman François

Narmon gisteren.

Gemeentekrediet

(Dexia) vaart wel bij

huwelijk met CLF.

Als groep heeft de

inatie Dexia

t local de

Frans-Belgische

ııce en

....:eentekrediet)

19.4 millard frank

nettowinst geboekt.

02/04/97

19,4 miljard fank", grapte

13,7 procent meer

#### VERS L'AVENIR

02/04/97

Dexia : un bénefice de 19.4 milliards. 1996 est la 1ere année d'exercice du groupe Dexia, le groupe bancaire européen issu. en octobre 1996 de la fusion économique du Crédit Communal et du Crédit local de France. Dexia a connu un excellent exercice qui confirme la stratégie européenne du groupe employant 10 000 personnes.

#### Handelsblatt

Dexia Ensenable will weiter wachsen.

men in de Bel20index. Het aandeel van het Gemeentekrediet vol-

doet aan alle voorwaarden voor opname, ook de eis dat het aandeel minstens acht maanden op de twaalf in de omzettop 20 van de termijnaandelen prijkt. CMB voldoet aan alle voorwaarden om te

#### LesEchos

worden vervangen.

01/09/97 Pierre Richard s'ex-

plique sur la stratégie de Dexia. Dans une interview aux Echos»; le président de Dexia et du Crédit local de France affiche clairement son ambition: faire partie,

ce de Dexia, le groupe financier issu de la fusion entre le Crédit local de France et le Credit Communal de Belgique, a augmenté de 23,1 % , pour atteindre 2.1 milliards de francs.

#### LE SOIR

16/01/98

Dexia sort de la BBL avec le pactole : 15,5 milliards et «quelques dizaines» d'autres pour grandir.

#### ľEcho

30/01/98 Dexia:

forte croissance (+ 54 %) des activités de banque privée. Les primes encaissées en matière

d'assurance-vie ont

LE REVENU

Dexia: forte croissan-

ce de toutes les acti-

vités. Financement

collectifs, activité de

banque commerciale,

des équipements

gestion d'actifs :

tous les clignotants

Les seuls crédits aux

collectivités locales ont

progressé de 17,6 %

en 1997, permettant

au groupe de détenir

une part de marché

Compte tenu de cette

forte activité, les pré-

sance à deux chiffres

pour les résultats de

visions d'une crois-

10 % en Europe.

de plus de

sont au vert pour

Dexia.

grimpé de 160 %.

1997 (par rapport à 3,2 milliards de francs en 1996) sont confirmées.

La Tribune

#### 09/02/98 Dexia filialise son

activité internationale. Le groupe Dexia va filialiser son activité internationale de financement des équipements collectifs, qui sera dorénavant assurée par une nouvelle entite, Dexia Project & Public Finance International Bank. Dotée d'un capital de 3.3 milliards de francs, cette structure constitue la quatrième entité

opérationnelle de Dexia aux côtés du Crédit local de France, du Crédit Communal de Belgique et de la Banque Internationale de Luxembourg (BIL). L'activité commerciale de l'ensemble des filiales et succursales regroupées au sein Public Finance International Bank a représenté 57,9 milliards de francs en 1997. Basée à Paris, cette dernière est

présente en Grande-Bretagne, en Espagne, en Suède, en Allemagne, au Portugaí et à New York, ainsi qu'en Italie et en Autriche avec des participations dans Crediop et Osterreïchische

#### **LÉcho**

Kommunalkredit.

Dexia Asset Management verra le jour cette année. Cette structure grand-ducale présidera un réseau de filiales étrangères, en Belgique, Suisse, Singapour, Grande-Bretagne, France et Australie.

#### De Standaard

02/04/98

Dexia speurt actief naar overnamekansen Winstklim met 13 procent tot 21,9 miljard frank. om de levensverzekeringsactiviteiten van Omob over te nemen is slechts een van de drie concrete dossiers die Dexia bestudeert. Voorzitter Francois Narmon maakte er gisteren bij de voorstelling van de jaarresultaten geen geheim van dat de groep, ontstaan uit de alkantie van het Gemeentekrediet en Crédit local de France, actief speurt naar overname-opportuniteiten om haar

`.′:

Het principe-akkoord

#### ontwikkelen. Correspondance économique

activiteiten verder te

D2/ D4/98 Les hommes et les affaires. Dexia, qui affiche un résultat en hausse sensible à 3,57 milliards de francs vient de conclure avec le principal assureur-vie en Belgique, un important accord de principe en bancassurance. Dexia, ne de l'alliance du Crédit local de France et du Crédit Communal de -Belgique, a conclu avec la Smap, principal assureur-vie en Belgique, un important accord de principe de bancassurance en Belgique. Cet accord va permettre à Dexia «de renforcer son

#### LA LIBRE BELGIQUE 02/04/98`

pôle assurance»,

a souligné hier le

groupe présidé par

M. Pierre Richard.

Le groupe Dexia mise sur la bancassurance en signant un accord de principe avec la Smap. Il a réalise une plus-value de 14,6 miliards sur la vente des titres BBL. Avide d'acquisitions, il pourrait s'intéresser au Lyonnais Belgium.

Dexia: de nombreuses alliances en préparation. Résultat : près de 6 milliards engrangés en 1997, gráce à une plus-value exceptionnelle.







Dexia, the European banking group created by the merger of Crédit local de France and Crédit Communal de Belgique, reported total assets of 185 billion euros

at the end of 1997. Dexia is the European leader in the financing of public service facilities and is also active in commercial banking and asset management.

**LE FIGARO** 

Dexia veut améliorer sa rentabilité. de IO % de son résuttat net 1996. sur fonds propres de 13 %.

HET LAATSTE NIEUWS

#### 02/04/97

Le groupe bancaire a enregistré une hausse Il vise une rentabilité

CMB geen enkele keer in maandelijkse omzettop, Dexia GK altijd. Dexia GK duwt CMB uit BEL20. Het vermoeden was er al langer, maar sinds gisteren hebben we zekerheid : Dexia GK zal na de handelssessie van vrijdag 19 december de plaats van CMB inned'ici à cinq ans, des 30 premières banques mondiales.

#### **Finance** 13/18/97

Le marché séduit par

Dexia France.Dexia a présenté à la communauté financière des résultats semestriels significativement supérieurs aux anticipations. Les analystes révisent en hausse leurs objectifs de croissance des bénéfices et saluent l'effort de transparence financière du groupe.

## **Finances**

13/18/97

Excellents résultats. Au 30 juin, le bénéfi-

http://www.Dexia.com

By Diana Jean Schemo New York Times Service

BOGOTA — Colombians have voted a resounding end to the presidency of Ernesto Samper, electing as his successor the man who first accused Mr. Samper of

accepting money from drug dealers.

The election Sunday of Andres Pastrana, the Conservative former mayor of Bogota, over Horacio Serpa of the Liberal Party, Mr. Samper's interior minister and most loyal advocate, opens a new chapter in Colombia's relations with the United States, which have boiled over with bitterness and suspicion during Mr. Samper's four years in power.

Alfredo Rangel, a former national security adviser who confessed to being

With more than 96 percent of the vote counted, Mr. Pastrana had won 50.3 percent of the vote, to 46.25 percent for chine couldn't pull it off," he said. "And

'The country clearly came out to vote for change," Mr. Pastrana said.

Continued from Page 1

group from the former prime minister, Li

Peng, consolidating his control over for-

eign policy.

Mr. Li was known, American dip-lomats have contended, as an opponent

of close ties with the United States. He is closely associated with the crackdown

on student-led demonstrations around

spoke often of the need to create a

the domination by a single superpower,

"Mao, Deng and Zhou Enlai really took the United States very seriously—

America," said Yuan Ming, the head of

First, improving ties with the United

If China views itself as threatened by

policies more difficult to achieve -

such as expanding the stockholder sys-

Li are both convinced of the linkage

between relations with the United States

and domestic politics — but for very

different reasons. "Li was suspicious of

the United States, and tensions within

the relationship bolstered some of his

efforts to hinder reform," Mr. Fewsmith

In that way, he said, Mr. Jiang and Mr.

tem and other capitalist-style reforms.

the United States.

say, is two-fold.

development.

Pastrana - who won a higher number of votes than any previously elected president — and a high turnout came in sharp contrast to public opinion surveys, all of which had shown the two candidates virtually tied for the presidency and had predicted a low voter turnout.

Rodrigo Losada, a political scientist at Javeriana University, said, "It's a rejection of all the negative things the counjection of all the negative things the country has been living through for the last four years—the government policies, next president, and I call on all my fellow unemployment, corruption, and a style of

"absolutely surprised" by the results, agreed. "The Liberal Party political mawas mobilized to the maximum."

United States would improve dramat- Jose Serrano - while largely avoiding

'Jiang seems to have overcome his

initial suspicions of the U.S. and to have

become committed to the relationship ---

but now he needs a successful summit to

The second reason for Mr. Jiang's

that after years of trying to deal with

Taiwan directly, he has apparently come

unification with the breakaway province

In January 1995, he put forward an

eight-point program for reunification

with Taiwan that among other things

That year, in what was interpreted as a

good student of Deng."

The reason Mr. Jiang has gone to bat

The reason Mr. Jiang has gone to bat

China Snag for Clinton

william reny, have gone to bat
with a blunt message: If you declare
independence, the United States might

WASHINGTON - As President Bill

the United States, said Joseph Fewsmith, Chinese authorities have told a White responsible for internal security mat-

and speeches live with simultaneous

U.S. officials say the Chinese are

Taped and delayed broadcasts will

speeches, toning down or deleting any calls for democratic openings and im-

President Clinton is to arrive in China

"technical difficulties,"

efforts to cultivate the United States is craft carrier battle groups during the that after years of trying to deal with second exercises in 1996.

sell the relationship to sometime skep-

JIANG: China's Leader Appears to Stake Legacy on U.S. Ties

tical colleagues.'

Washington.

Tiananmen Square in June 1989. And he to the conclusion that the road to re-

multi-polar world order" and against of 21 million people leads through

as the most important country in the allowed Taiwan to keep its own armed world and worked to build good ties with forces and political system.

the Institute for International Relations bitter defeat for Mr. Jiang, Taiwan's

at Beijing University. "Jiang has in-president, Lee Teng-hui, rejected the herited these ideas. In this regard, he is a

States is now seen by many in China as a Clinton prepared for summit meeting in

good unto itself — important both for China this week, his advisers have been China's desired status as a world, or at surprised by threats from the Beijing

least regional, power and its economic government not to broadcast his

a political scientist at Boston University. House advance team that it would be that makes a lot of domestic reform nearly impossible to show several toasts

speeches live.

Citing

translation.

making excuses.

on Thursday.

closeness and cooperation between the two countries.

Mr. Serpa, in defending Mr. Samper. had frequently lashed out publicly against U.S. officials, at one point calling the former American ambassador here, Myles Frechette, "the crazy gringo."

Mr. Serpa conceded defeat Sunday countrymen to support him and accompany him in the difficult task he faces."

Under Mr. Samper, who was accused of accepting \$6 million from drug dealers in his election campaign and who was stripped of his U.S. visa two years ago, American officials cultivated ties with other individuals or agencies — Mr. Rangel said that relations with the like the chief of police, General Rosso

program and then obtained a visa to the

United States, thanks in part to Taiwan's well-oiled lobbying machine in Wash-

China reacted strongly, launching two sets of war games off Taiwan's coast. The United States dispatched two air-

U.S.-China relations - and the pros-

After that debacle. Chinese analysts

A senior Chinese diplomat said that as

said, Mr. Jiang profited from the de-cision to improve ties with the United

States by jumping on the bandwagon.

ties with the United States improve,

China expected that Washington would

begin to pressure Taiwan to engage in

not be there to protect you if China

been given responsibility for the econ-

omy and for carrying out the risky re-forms of state-owned industries. Mr. Li,

who became chairman of the National

People's Congress, is believed to be

"Li will take the heat for political-

social stability and Zhu will do the same

in economic matters, although Jiang will

get credit if they succeed," said Wu Guoguang, a former aide to Zhao Ziy-

"In this way, Jiang has established

himself as the real 'core' of the Chinese

leadership to succeed Mao and Deng,'

ang, deposed Communist Party secre-

Prime Minister Zhu Rongji has

Already a series of former U.S. officials, like former Secretary of Defense

reunification talks with China.

pect of reunification with Taiwan

could not have been worse.

electoral backing, the Congress here reness community and his Conservative mains heavily Liberal. Ingrid Betancur, a Liberal deputy who has been supporting Mr. Pastrana's candidacy, said that Mr. Pastrana would probably seek a public referendum to elect a new Con-

gress as part of an overall drive for political reform if he could not govern with the current Congress. As president elect, Mr. Pastrana's first order of business is expected to be a direct meeting with the leader of the largest rebel group that has been battling government

early as next week if security permits. The two candidates' potential ability to negotiate an end to the civil conflict

The unusually strong showing of Mr. ically with Sunday's election of Mr. direct encounters with the president. omy, a top issue in the campaign. With astrana—who won a higher number of Pastrana, probably entering a new era of While Mr. Pastrana may enjoy strong the strong support of Colombia's business than any enjoy s credentials unquestioned by the military, Mr. Pastrana appears to have wide latitude for tackling the country's most difficult problems.

In the final days of campaigning, Mr. Pastrana had pledged to meet with Manuel Marulanda, the rebel leader, who had already met with Mr. Pastrana's campaign chief the week before.

Mr. Pastrana has vowed to lead negotiations with the leftist rebels of the Revolutionary Armed Forces of Colombia and with the smaller National Libsecurity forces for more than 30 years, the eration Army and has agreed to a guerrilla Revolutionary Anned Forces of Colomdemand that government security forces bia. He pledges to hold such a meeting as evacuate five municipalities during any peace negotiations. He has pledged separate parallel talks with right-wing parathat has claimed more than 30,000 lives military leaders, who have been demandin Colombia was, along with the econing a say in any peace negotiations.

#### NIGERIA: Exit by Military?

Continued from Page 1

said Mr. Elaigwu, who lectures at Nigeria's military academies and has known General Abubakar for years.

Virtually all analysts say that General Abubakar is a career officer likely to be troubled by the military's loss of integrity, prestige and cohesion as a result of its long, corrupt and economically disastrous rule.

Still, "after several years of misgovernance, they have a serious problem in disengaging' from power, said Alani Akinrinade, a former army general now a pro-democracy activist in exile in the United States. Officers could risk prosecution by future governments for corruption and human rights abuses, "and they are looking for some way to protect themselves," Mr. Akinrinade said. In terse initial statements after Gen-

eral Abacha's death, General Abubakar insisted that he would hew to General Abacha's tightly controlled plan for establishing a civilian government. But

last week, hints of change emerged.
Officials released nine of Nigeria's scores of political prisoners last Tuesday — including the former military ruler Olesegun Obasanjo — and another six on Thursday. Top officers have said privately that more releases are planned, according to Dapo Olorunyomi, a Nicesian editor in avile agest Weshington gerian editor in exile near Washington.

On Wednesday, General Abubakar met leaders of the five legal political parties, which under General Abacha were seen as his puppers. They now are pressing for at least some democratizing reforms in the transition plan.

And top officers or their associates have been making discreet contacts to talk politics with opponents, including Mr. Abiola, the political leader M.D. Yusufu, and Nigerian dissidents in exile. But leaders of Nigeria's mainstream

pro-democracy movement, centered in the southern city of Lagos, say they have heard nothing from the military, even

They largely have dismissed the ges-tures of General Abubakar's government and promise a campaign of civil disobedience to force the military to hand over power immediately. The conflict has led to clashes, arrests

and deaths in the last two months. As with all politics in Nigeria, this is largely an ethnic and cultural conflict The military is dominated by northedners from predominantly Islamic, Hausa speaking ethnic groups. The pro-democracy movement is rooted mainly in the Yoruba homelands of the southwest,

around Lagos. Pro-democracy activists, largely You ubas, insist that the military must now jet Mr. Abiola form a transitional govern ment to oversee drafting of a new con stitution and the holding of elections. In Abuja, the Nigerian capital, a government source rold Reuters that regardations with Chief Abiola began last Tuesday and have reached an all-

Mr. Abiola is being held in a comfortable house in Abuja and recently has been permitted exercise, taking regular

While the family does not know de-tails of the talks, the military has made clear "it wants him to give up his claim" as the rightful leader of Nigeria, said Hafsat Abiola, who lives in exile near

Washington.

Top officers are pressing her father to accept a lesser role in a transition or to leave public life, his daughter said. They have suggested that they would not force him to abandon a future run for the

The new Nigerian regime, seeking to

vanced stage.

walks escorted by soldiers, said his daughter, Hafsat Abiola.

These expenses could have been avoided if the airport had been built on land close to the mainland Chinese bor-In addition, the southern Chinese city

of Guangzhou is expected to open a new airport in two years, which like Chek Lap Kok will feature two runways. It is presidency, she said, but after the scut-tling of the 1993 vote. "how can we trust officiate at an opening ceremony for the

#### Hong Kong airport on July 2, when he ■ More Oil for Nigerians On Sunday, the first run of the special railroad was beset with problems, as the scheduled 23-minute train took 48

combat fuel shortages, has increased the amount of crude oil for domestic consumption by 20 percent, press accounts said Monday, Agence France-Presse reported from Lagos.

# "We are raising costs by 30 percent at Chek Lap Kok," to 1.40 Hong Kong a regional hub. The Lis coming on light volume and the long term plans to make Hong dollars (18 cents) per kilogram, said Anthony Charter, managing director at Hong Kong Air Cargo Terminals Ltd., The Lis coming on light volume and the long term plans to make Hong Macau, but which are often sent by truck to Hong Kong for air shipment. Mr. Eckes estimated that trucking conditioning patchy air conditioning video by as much as 5 percent once the extra

That should prove cost effective for

goods that are now made in the Chinese

city of Zhuhai, across the border from

4.51 percent Monday, to 8,204.21, as the Japanese yen resumed its three-week — secure in the knowledge that they decline. The market had rallied Friday could build towering apartment blocks after the United States and Japan intervened to prop up the yen. But after Japan announced no dramatic new plan to restart its economy, the yen weakened to 138.54 yen to the dollar in late trading, and Hong Kong's market followed.

Hong Kong's drastic action is a sign that officials here feel there is little hope

of a rebound in the yen anytime soon.

omy, Sir Donald said Hong Kong felt compelled to take the unprecedented acsures in Hong Kong on Monday tion of halting land sales. In the heyday affirmed Hong Kong's determination to

of Hong Kong's growth, these auctions continue linking the Hong Kong dollar used to draw scores of developers, who to the U.S. dollar. But analysts said the bid up the price of land to absurd levels action Monday raised questions about secure in the knowledge that they and sell the units for millions.

Now, though, the auctions have be-As for the 2 million Hong Kong

By foregoing auctions for nearly a year, Sir Donald estimated that the government would lose more than 30 billion dollars (\$3.88 billion) — swinging the By foregoing auctions for nearly a year. Sir Donald estimated that the gov-

government from a surplus to a rare budget deficit of 21.4 billion dollars.

them that their investments were not

Sir Donald and Mr. Tung both re- Hong Kong's newly elected legislators

#### "I'd be a rare animal if I said the situation in Japan were stable," said Sir Donald Tsang, the financial secretary of Hong Kong, who devised these measures over the last two weeks.

Mr. Tung announcing the new mea-

how much economic hardship Hong Kong was willing to endure before it devalued its currency.

Normally, in an economy with a fixed exchange rate, the government would allow external market forces to depress people who already own apartments. Sir the price of assets such as property. That Donald said the 40 percent decline in is exactly what Hong Kong did over the property prices was "traumatic" and last six months. Unlike other Asian that the government needed to reassure countries, which devalued their currencies, Hong Kong defended the dollar by raising interest rates, even though that

expected to be much cheaper to use.
President Jiang Zemin of China will

receives President Bill Clinton.

hammered both powerful property developers and individual home-owners. accused the government of being in-sensitive to the plight of ordinary citizens, while the tycoons twisted the arms of top officials in private meetings.

Real estate executives said the decision would restore confidence. "It's the signal that the market has been waiting for," said Nicholas Brooke, chairman of Brooke Hillier Parker, a real estate brokerage firm in Hong Kong. But other experts said the government

was engaged in an increasingly desperate struggle to ease the pressure of a bubble economy" that burst.

"Either land prices would have had to give, or the peg would have had to go," said Jan Lee, chief economist of Hong agents from the North. In a hunt, 24 of the crewmen were shot dead, one was Mr. Lee and other economists said

property prices still had further to fall before they bottomed out. And some questioned what else the government could do - short of ahandoning the peg and devaluing the Hong Kong dollar if Monday's action did not ease the burden of the economic crisis.

# 'Geraldo' Going

To China for NBC Washington Post Service

WASHINGTON — The "Today" show is sending one of NBC's high-powered correspondents to China for President Bill. Clinton's trip. His name is Geraldo. Rivera.

Some NBC reporters are apoafter the network submitted requests for Mr. Rivera to chat with Mr. Clinton and Secretary of State

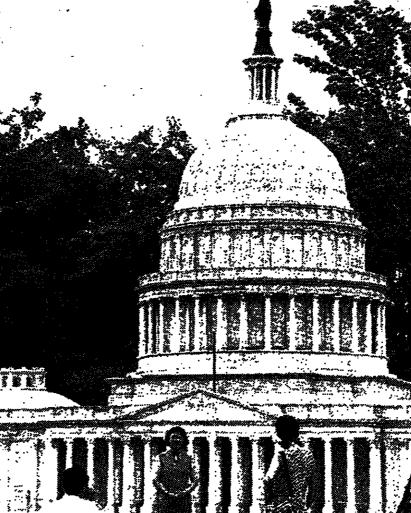
Madeleine Albright.
Mr. Rivera has a reputation for flamboyance from his years as a daytime talk-show host; his nose was broken in an on-air fight, and he once had fat liposuctioned from his backside and put in his forehead.

But he has regained a measure of respect for his CNBC legal show. The experimenting, said Jeff Zucker, executive producer of "Today." "Geraldo has his own style that has both fans and destractors. But he has a style that unique."

But one NBC staffer, who asked not to be identified because her bosses are supporting Mr. Riverage said: "Everyone is just appalled and outraged. It changes the whole product. It's clearly an effort at le-

gitimizing him."
Mr. Rivera signed a contract with NBC News last fall that is said to be worth \$5 million.

After Mr. Rivera arrives in Chinag Mr. Zucker said, he will develop feature stories while NBC's White House correspondents cover breaking news. But Andrea Mitchell NBC's chief foreign affairs correspondent did not make the cut.



Chinese taking a look at a miniature of the U.S. Congress building at a park in Beijing. The city is awaiting the arrival of President Bill Clinton.

#### Construction Takes Off at Asia's Airports

SINGAPORE - While some smaller Asian airlines are collapsing or on the brink of bankruptcy, Asia is on an airport-building spree, raising fears among some analysts of regional overcapacity

and underutilization. Among new airport facilities be-

ing built: • Malaysia will launch a hightech, \$2.3 billion airport on June 30.
Initial capacity will be 25 million passengers a year, double that of the current airport, with expansion provisions for up to 100 million pas-

•A new Bangkok international airport is due to be operational in 2004. Plans have been scaled down from two runways and a capacity of 30 million passengers a year to one runway and 20 million passengers.

• China, the one bright spot in Asian aviation, is targeting 10 per-cent annual growth in traffic in the next 20 years, the world's highest. It is undertaking some 40 airport creation, extension or renovation projects, including one for each of the 22 provincial capitals. The biggest are two new airports in Guangzhou and Shanghai, and an extension in Beijing.

· Singapore is to build a third terminal, which would be opera-tional around 2004, and expand cargo facilities at Changi airport, which is already reputed to be the world's best and is still far from saturated.

• Sydney Airport's \$488 million expansion is by far the largest such project under way in Australia, whose airports are now mostly privately owned. It is being up-graded for the 2000 Olympic

 Taiwan's Chiang Kai-shek In-ternational Airport is building a new terminal, expected to be completed by January 2000, doubling capacity to 30 million passengers a year.

 Philippine Airlines may be in deep trouble after a crippling strike by pilots, but Manila is building a second terminal due to be finished in October, and a third terminal, the biggest, is to be completed around

 South Korea plans to complete the first phase of a new international airport west of Seoul by the end of 2000. It will handle 27 million passengers and 1.7 million tons of cargo a year.

#### AIRPORT: \$20 Billion Cost of Chek Lap Kok Adds Pressure on Hong Kong's Economy the monopoly freight handler at Kai Tak new airport, the territory faces greater distance and tolls were factored in.

Continued from Page 1

provements in human rights.

arrivals are slumping by almost half

Australia will all cost more. At the same time, the higher costs will make the airport less competitive with

Continued from Page 1

siderably damaged," a defense of told the Korea Broadcasting System. It

caught in the net.

The capture of the submarine may

complicate efforts to bring representa-

South Korean officials said they plan

ing between generals from the United

South Korea."

landing and parking fees, just as tourist petition from an another handler when the new airport opens.

Hong Kong.

give President Jiang Zemin's govern-ment time to edit Mr. Clinton's now teaches at the Chinese University in

Airport, but which will soon face com- compension from three major airports

ror residents of Hong Kong, experiencing the highest unemployment rate in 15 years, apples from Washington state, fish from Europe, and cheese from Australia will all cost more director for DHL Worldwide Express.

because of the new airport, hoping that other facilities in the region, amid a having its own handling facility will boom in airport construction and expansion in China, Taiwan, Singapore Like most shippers using Chek Lap Kok, and Thailand.

DHL is counting on higher volume and

within a three-hour drive: Macau, Zhuhai and Shenzhen. These will eventually help reduce business costs for exporters, but may make it harder for Hong Kong's new airport to pay for

Just as Hong Kong's freight rates and landing fees are jumping, nearby Macau airport has announced a 50 percent cut in landing fees during the slower overnight period.

DHL will try not to increase its rates

HONG KONG: Government to Halt Land Sales Amid Recession Continued from Page 1

Lacking any outside lift for its econ-

KOREA: Net Snags Minsub of North, Dimming Outlook for Talks

was floating on the surface when dis- first on the general-level in seven covered. It was not in a position to attack years. Noting that the submarine was barely this conciliatory mood," said a South of the submarine. inside South Korean territorial waters Korean broadcast commentary. "We when captured, defense officials said it don't understand why the North Koreans might have strayed off course after it was are doing this when talks are being ar- off the South Korean coast with 26

States and South Korea, and North Ko-

The previously scheduled talks are the

rea at the truce village of Panmunjom.

Adding to the puzzle was that South Korea's wealthiest industrialist, Chung tives from North and South together as part of President Kim Dae Jung's "Sunshine" policy toward the North.

Ju Yung, the 83-year-old founder of the Hyundai group, the country's largest conglomerate, is to return through Pan-Hyundai group, the country's largest conglomerate, is to return through Pan-

Nations Command, including the United capture of its submarine and crewmen. President Kim Dae Jung placed military units on full alert throughout the sensitive northeast region of South Korea, ordering them "to defend swiftly but carefully" against the possibility of North Korean retaliation for the capture In the September 1996 incident, a North Korean submarine ran aground

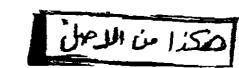
the crewmen were shot dead, one was captured and one escaped. in what was probably a coincidence, North Korea, several hours before the incident on Monday, threatened to re-South Korean officials said they plan to raise the topic at talks Tuesday mornard two sons after a week in the North.

States did not lift economic sanctions

North Korea is expected to protest the against the North.

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NIGERIA:
Exit by Military? Continued from Page 1 cena's military academi

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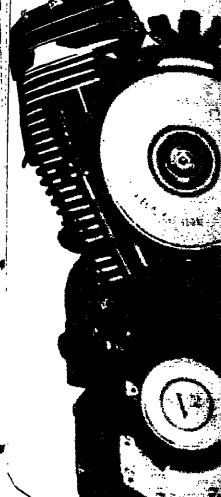
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#### INTERNATIONAL

# **Zimbabwe Land War Opens a New Front**

By Donald G. McNeil Jr. New York Times Service

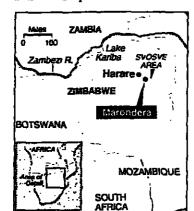
MARONDERA, Zimbabwe -"Be very careful, please," said Richard Magorimbo Madzorera, crouching low to slip through the sharp, rusty fence without touching it. "We don't want to damage the farmer's wire.'

Even though their rotted shoes are falling off them and they are living on dried com and pumpkin leaves they carry 20 kilometers (12 miles) from home, the black squatters on Daskop Farm are being extraordi-narily careful of the white owner's

property.

They want the farm — they say it is their ancestral land, and can even point out a stone they say their greatgreat-grandmothers ground corn on. But right now they are not willing even to walk across one of his fallow

in the endless war over land that began when whites seized the country 120 years ago and led to government promises in recent years to redistribute the land to poor farmers, a new from opened last week. Hun-



the Gaza Strip, officials said.

BRIEFLY

Egypt Allows Hamas Cleric

To Make the Transit to Gaza

CAIRO - Sheikh Ahmed Yassin, the spiritual leader

Sheikh Yassin, his son and an aide had waited more

of Hamas, arrived here Monday from Sudan on his way to

than two weeks in Khartoum, the Sudanese capital, after Egypt denied them entry visas.

Egypt was reportedly waiting until Israel officially announced that they would let the Hamas leader return to

Gaza.

But Thursday, the Egyptian Embassy in Khartoun informed Sheikh Yassin that he would be granted permission to travel to Egypt. It was not clear what prompted

Egypt's change of mind since Israel has not announced any decision for his return.

medical treatment before he travels to Gaza, said the

officials, who spoke on condition of anonymity. (AP)

Lull in Guinea-Bissau Fighting

MPAK, Senegal — Senegal has begun shipping home its dead from Guinea-Bissau, where the embattled capital

was spared overnight from the wholesale shelling that has

Only sporadic gunfire crackled through the northern

outskirts of Guinea-Bissau's capital, near the airport

where the country's breakaway military faction has dug

in to hold off loyalist forces, a Senegalese military

behalf of President Joso Bernardo Vieira, were flown to the southern town of Zigninchor over the weekend, said a

statement from Senegal's military command in the cap-

An Italian priest known for his work with the poor was gunned down in the slum in the southern Brazilian

city of Sao Bernardo do Campo, where he lived, the police said Monday. The Reverend Leo Commissari, 56, was

found dead Saturday with gunshot wounds to the chest

ital, Dakar. No exact body count was given.

The bodies of several Senegalese troops, fighting on

typified its two-week-old conflict.

commander said Monday.

For the Record

He is expected to stay in Cairo for two days to receive

dreds of subsistence farmers from 20 villages in the Svosve communal area left the stony hills their families had been pushed into and moved onto

three farms in the Marondera area. They say the Zimbabwe govern-ment's land program is going too

slowly.
"We decided to take the first "We were not prepared to die from

Svosve's depleted soil is so thin that "we dodge the stones like monkeys," said Modesto Murambatsvina, 36. Carrying babies, hoes, food and blankets, they left their school-age children and hiked here. They came now, they said, so as not to miss spring planting, which begins by August.
Whites in Zimbabwe, less than 2

percent of the population, own 70 percent of the land, and for 17 years after independence, the government dithered, making unfulfilled prom-ises about land reform.

Then, last year, with the embattled President Robert Mugabe declaring "the time has come," it suddenly published a list of 1,503 farms — half the country's exponproducing acreage - that it said it

intended to seize without payment, An international outcry ensued, the currency plummeted and farmers asserted that cabinet ministers were plotting to steal their best farms for retirement villas.

Since then, things have calmed down. The government, farmers and international donors are talking. About 200 farms available for sale were found, said David Hasluck, executive director of the largely white Commercial Farmers Union, and about \$800 million in grants and loans from donors and banks has been offered on the conditions that



Squatters on a white farm designated by the Zimbabwe government for resettlement by blacks.

not just dumped.

But so far, not a single farm has been bought, or even assessed, Mr. Hasluck said. "Time is short, and the government doesn't have focus."

For the people of Svosve, time ran out. They said they picked Daskop, Homepark and Igava farms from the government's list, and are asking for parts that are not being used.

"We don't want to displace the farmer," said Frederick Hwenjere, 30. "We want to share equally with

Daskop is an obviously well-run farm with a big irrigation pond, a husking plant, fields of seed com growing under plastic tents and cattle fattening on watered grass. The squatters are living on a distant the land is paid for, that it goes to corner, keeping to themselves.

Shaun David, the farm manager, and farms, he said. he has been told by the owner to leave the squatters alone.

Igava Farm next door had been listed for seizure, Mr. Hasluck said, and was then offered for sale to the

the owners - the same extended family owns several farms in the area - knew the Svosve ancestral

graves were on it. They don't want to go against people on tradition like that," Mr. Hasluck said.

The owners said they would use said Abraham Mpunga, 30. "We the sale proceeds to build new hous- can't leave this place."

Exactly what the government will

do is not known yet.

On Sunday night, state television reported that the minister of land thought he had convinced the squatters to go home until the government can resettle them at its own pace.

The squatters say the government has broken simple promises, like handouts of seed corn, and among their leaders are veterans of the 1980s war against white rule, whose association has recently become so militant that it clashed with its

police may be asked to move them. "We don't think we can retreat,"

#### former commander, Mr. Mugabe. If the squatters refuse to leave, the

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German Who Leaped

To Freedom Is Suicide

INGOLSTADT, Germany — It is one of the best-known images of the Cold War. An East German soldier,

his head bowed and his arms spread, leaping to freedom over a tangle of barbed wire that would soon become the

Thirty-seven years after his famous flight to the West,

the former soldier, Conrad Schumann, has committed suicide. His wife discovered his body Saturday hanging from a tree near their home in Kipfenberg, a village

The motive for the 56-year-old man's suicide was not

Mr. Schumann fled East Berlin on Aug. 15, 1961, two days after East German leaders ordered construction of

the Berlin Wall to prevent a hemorrhage of people fleeing

dier, his head bowed, just as he clears the coil of barbed

wire that served as temporary barrier before a concrete

The famous photograph captures the 19-year-old sol-

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poor people and that they are settled. There has been no trouble, said ing and schools on their remaining

By Vivienne Walt Special to the Herald Tribune

DIABOUGOU, Senegal - Aissa

Tou Sarr thought she would never see

that moment. The old Muslim priest had

walked for days in his rubber thongs and

white robe, arriving here late last year to urge the community to stop Miss Sarr from doing her life's work: cutting off

the genitals of young girls.

In the beginning superple were shocked, and should in anger," Miss Sarr Said. "This was our tradition!"

Some walked out of the meeting."

Miss Sarr was about to join a

movement that has gusted through

Senegalese villages in the last year.

Village after village has declared an

end to female circumcision, in

which a girl's clitoris, and some-

times the inner and outer vaginal

lips, are removed. The practice is widespread in large areas of Africa.

Miss Sarr, in her 50s, had been

the ritual circumciser for the village for

decades, using a razor blade to cut about

200 girls every rainy season. She

learned the trade from her grandmother,

who had circumcised her at 15, and in

turn, had excised the genitals of her

daughters, grand-daughters and great-

decent living: about \$8.30, free lunch,

and a bar of soap for each operation. "I couldn't stop thinking, 'How am I going

to take care of my family? What am I going to do?"

After weeks of bitter argument, the villagers gathered in February, and

vowed never again to circumcise their

girls. A centuries-old tradition was dead

Since July 1997, 29 Senegalese com-

munities have declared an end to female

circumcision, and begun pressing others

Circumcision has provided her with a

granddaughters.

within minutes.

to join them.

'It's one of the best in the area,' he said, with huts, a clinic, a school

and a butchery, all built for its workers, on the land.

It was offered, he said, because

28 countries are circumcised, and thou-

sands die each year as a result, in child-

birth, or from infections and hemor-

rhaging, according to the World Health

Organization.
Yet, despite the outraged arguments from judges and numerous officials that cutting off genitals violates girls' rights, Western exhortations have had little ef-

fect in Africa. In fact, they have often

been met with defensive hostility by Africans; millions of whom believe the tradition is required not only by Islam; that Total Hygiene and to encourage ap-

propriate sexual behavior, too.

In Senegal, a West African

nation with barely 8 million

is having dramatic success.

people, one education program

But now, in this small West African

country, with barely 8 million people,

one education program is having dra-

on the agenda 10 years ago, when Molly

Tostan organization. Ms. Melching,

who has lived in Senegal since she ar-

ally made them begin challenging their

issues as circumcision, Tostan - which

means "breakthrough" in the national

language, Wolof -- took several months

before even broaching the subject of

Rather than confront head-on such

most fundamental beliefs.

Ending female circumcision was not

Female Circumcision: A Village Issue Ms. Melching said. "We only spoke about health, and rights."

Villagers say months of discussing infections, childbirth and sexual pain, inevitably led them to question circumcision, and so to discuss subjects almost never mentioned in public before.

Making a political issue of genital mutilation, she said, or declaring it a barbaric act, does not convince many Africans.

"These women really love their children," Ms. Melching said, adding that many Africans counter Western indignation by likening the pain of circum-

cision to Western women suffering face-lifts. While Ms. Melching stresses human-rights violations, the health risks are what really hit home. "That's something everyone gets: without health, they can't do any-

thing."
Ms. Melching said Western organizations too often hoped to persuade individual Africans to abandon female circumcision, without understanding that such independence could leave an African woman with no husband to marry, and a family sub-

jected to scorn or ostracism. Demba Diawara, the priest who arrived in Diabougou to argue against circumcision, said, "Even if you learn Melching, an American, founded the something is bad, if it's your tradition, rived in 1975 as an exchange student, designed an intensive literacy and skills training program, funded largely by Unicef, built around group discussions. In several villages last month, people described how Tostan's classes gradually made them begin challenging their

you can't just get up and stop it."
Even within villages that have vowed to stop circumcision, it has been a hard battle. In Malicounda, a village of 3,000 people some 90 kilometers south-east of the capital, Dakar, women argued bit-terly with men, who feared that their public renunciation of circumcision would deeply embarrass them. "We would not back down," said

Maimouna Troare, 60, who heads Maliconnda's women's organization. She told the village men that "when the drum beat changes, the dance has to

"We never spoke about sexuality,"

# About 130 million African women in

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# Warring in Colombia

in a brutal Latin American guerrilla war echoes the opening stages of U.S. intervention in the conflict in El Salvador in the 1980s. Diana Jean Schemo and Tim Golden reported in The New York Times this month that much of the aid the Pentagon is giving Colombia's military to fight cocaine is being used instead to fight guerrillas. U.S. special forces trainers work in Colombia teaching the military such skills as jungle maneuvering and psychological operations. While the level of support is far below U.S. aid to the Salvadoran military in the 1980s, the administration is unwisely considering an increase.

As in El Salvador, U.S. aid is going

to an abusive and is apt army fighting vicious Marxist a uerrillas. The guerrillas kill politicia: s and kidnap Americans. The military has strong ties to paramilitary death squads, which massacre peasants and murder human rights workers and left-wing politicians. Last year, 10 people a day died in political murders. Seventy percent of the killings were attributed to soldiers or paramilitaries.

Support for the army also undermines Colombia's precarious civilian institutions. The military is defying a constitutional court ruling to reform its justice system. Generals have openly refused to obey presidential orders relating to peace.

Advocates of increased military aid and training, who mainly work in the

Washington's growing involvement Pentagon, contend that Colombia's soldiers need light infantry training and equipment and other skills that can be used against any foe. They and the White House drug office call the insurgents "narco-guerrillas" and argue that the battles against drugs and against guerrillas cannot be separated. But training will take years to make a difference, and Colombia's military has often rejected useful advice in the past.

The narco-guerrilla connection is disputed by many in the Colombian government and the U.S. State Department, who call it a label invented by the Colombian military to allow them to use the aid to fight guerrillas. Myles Frechette, the U.S. ambassador to Colombia until the end of 1997, publicly criticized the term, and U.S. intelligence services in 1996 concluded that the term was far overblown. Ironically, there may be strong ties between the paramilitaries and the traffickers. Colombia's investigative police say Carlos Castaño, a top para-

military leader, heads a drug cartel.

As in El Salvador, peace talks are the only solution to a civil war that neither side can win. Colombians overwhelmingly endorsed talks in a referendum last year, both candidates in the presidential runoff election backed them, and previously recalcitrant guerrillas are showing interest. Washington can best support the talks by terminating its aid to a military that has undermined them.

-THE NEW YORK TIMES.

#### **A Solution for Forests**

The world's forests have been under siege since the turn of the century, but this year has been calamitous. In Canada, Brazil, Mexico, Central America, Africa and Indonesia, fires have destroyed some 16 million forested hectares (40 million acres). The easy explanation is El Niño, a perverse weather system that has flooded some regions but left others bone dry. But the main culprit, as always, is human activity, chiefly logging, mining and agriculture, which dries out the forest by stripping it bare of trees, leaving even humid tropical rain forests vulnerable to fire. For that reason, the fires are likely to reoccur, with or without El Niño, unless something is done to curb mankind's insatiable appetite for wood. In that context, there was a small ray

of hope in the announcement this month that Suriname had decided to give permanent protection to 1.6 million hectares of untouched tropical forests, about one-tenth of the entire country. Suriname reached its decision at the urging of Conservation International, an American environmental group that has set up a private trust fund to help it manage the area. The group became actively involved in Suriname several years ago, when Asian timber interests, having pretty much stripped their own countries of marketable hardwoods sought timber rights on 4.5 million hec-tares of Suriname's forests. It rejected that deal, and has now put 1.6 million of these hectares out of reach.

What makes this decision so heartening is that Suriname is a poor country that might normally have jumped at the quick profits promised by foreign logging interests. Far richer nations, like Brazil, bave been unable to resist these blandishments, and Asian timber interests are even now burrowing deeper into the Amazon rain forest. At the other end of the economic scale, Guyana, Suriname's destitute neighbor, has opened up two-thirds of its forest mass to foreign companies.

Suriname chose the long-term economic value of forests over short-term revenues from logging and other resource-depleting activities. It hopes over time to make money from tourism generated by the forest and its spectacular animal life, from non-timber forest products like tannins and resins, and from "bioprospecting" - the search for medicines among forest plants. The U.S. National Institutes of Health and big pharmaceutical companies like Bristol-Myers Squibb are already engaged in this search.

This avenue has been left unexplored by most of the world's gov-emments, which own 80 percent of the world's forests and which as a rule cannot see beyond the next truckload of mahogany. The lure of short-term gain is also the main reason why various international agreements, including the nonbinding "forest principles" adopted at the 1992 Earth Summit in Rio de Janeiro, have had zero impact.

The larger point is that a living forest is worth more than a dead forest, locally and globally. Healthy forests prevent erosion and water political. They also act as a natural "sink" for the carbonbased gases that contribute to global warming, and, perhaps most important, they harbor at least half of all plant and

animal species, with enormous untapped benefits for human health. More than half of the world's original tropical forests have disappeared, mostly in this century. At present rates of destruction, half of what is left could vanish in the next 50 years.

This depressing prospect has not, however, inspired the wealthier nations to act constructively. One of the few tangible products of the 1992 Earth Summit was the Global Environmental Facility, a multilateral body designed to persuade poor countries to hang on to their natural assets, rain forests included. But the United States, which pledged \$435 million over five

years, is \$200 million in arrears.

The task of saving the forests has thus been left to private conservation groups, whose resources are limited. The fact that one of these groups and one small country have joined to save 1.6 million hectares might shame Western governments into broader action.

#### Other Comment On the Ground in Kosovo

Unfortunately, it is unlikely that a few, or even many, bombs would be enough. Armed intervention, if it were to work, would also require specifying exactly what is wanted of the Serbs; an end to repression in Kosovo and the restoration of its autonomy, preferably with the handing over to Serbia of the

Serbs' holy places.

It would be accompanied by a vow that the West would not support the rebels seeking to split Kosovo from Serbia, nor recognize a self-pro-claimed "independent" Kosovo.

At the same time the West should do what it could to stabilize Macedonia (offer aid in return for decent treatment of the ethnic Albanians). But even this would probably be too little if the interveners were not ready to get involved on the ground, as well as in the air, to keep the peace.

— The Economist (London).

#### A Child's Only Right

In my view, children have only one right, to be protected — and, if you can call it a right, to be loved. I feel radically opposed to all those who demand more rights for the child. The notion of rights does not exist without duties as counterpart. I never hear people talk about duties. This is an absurd and deplorable imbalance.

– Elisabeth Badinter, commenting in Ouest-France (Rennes).

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# Japan Can Be the No. 1 Problem or the Solution

TOKYO - Not since the 1930s has Japan been in such dangerous isolation. The refusal of the country's leadership to adopt the difficult measures required to resolve the financial weaknesses that cripple its economy is raising risk levels around the world.

As the capital base of Japanese banks shrivels, a vicious credit squeeze is starting to asphyxiate increasing por-tions of the domestic economy. This has the potential to affect the rest of the world because Japan controls a third of total global savings.

Japan's economy is 10 times larger than China's. Rather than the locomotive pulling the rest of Asia ahead, its titanic economy could pull the rest of an already deeply troubled region under.

This was background to the meeting this past weekend in Tokyo at which the Group of Seven leading industrial powers joined Asian countries in an effort to assist Japan's leadership to make the critical decisions needed to change course before the country careens into a financial iceberg. Despite

By Kenneth S. Courtis

the international pressure, it is by no means certain that Tokyo will act.

The first priority is to recapitalize the financial system. The authorities must establish a set of balance sheet criteria for all banks and other financial instimulous to meet. Those unable to do so must be closed, in a way which protects depositors and creditors but allows the government to take over the bad debts, ell them down, and write off what is left. That was how the United States

resolved its savings and loan crisis. The second priority is to increase domestic demand. The best, surest, quickest way to do that would be to make tax cuts permanent. The govemment should announce a reduction of personal tax rates totaling 15 percent over five years. At the same time, it should reduce the corporate tax rate to the average for the rest of the Group of

The third priority is a credible pro-

not sometime in the next decade. At present, consumer spending represents only 56 percent of Japan's GNP, against approximately 64 percent in Europe and 69 percent in the United States.

America overconsumes and saves far too little. That is one of the major flaws in its "Goldilocks" economy it is financed with other people's money. Japan, by contrast, underconsumes, largely as a result of straitjacket regulation that stifles demand.

Some Japanese critics assert that such policies would be ruinous for an economy with a deficit that is already too large. But if Japan's assets are taken into account, its net debt level is far below the average for the rest of the Group of Seven.

Money is not Japan's problem. Freeing up that money requires political will. A determination to use it for other than pork barrel politics is the problem. The state has vast assets that could be privatized. They could then be run

gram of deregulation to help stimulate the economy. It must start immediately, profitable, job-generating enterprises. A second source of funds to pay for the needed reform policies would come through the new and sustainable economic expansion that the deregulation and tax cuts would create.

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The stakes are very high. If Japan does not quickly chart a bold course, it is very unlikely that the yen, and thus the other economies of East Asia, can be stabilized. That would leave China with little option but to devalue in a desperate, if futile, move of self-protection. A competitive downward spiral in East Asian currencies could drag down financial markets around the world

Japan has a choice. It can either be the No. 1 problem or the solution. This will be on the agenda when the U.S. and Chinese president meet this week

The writer is strategist and chief economist for Asia-Pacific in the Tokyo office of the Deutsche Bank Group. He contributed this comment to the In-ternational Herald Tribune.

# Clinton in China: Doing Things Mostly Beijing's Way?

BEIJING — In preparing to receive Bill Clinton, Chinese authorities have outmaneuvered the White House on several points. Will the Chinese similarly have the upper hand when the critical issues of Tiananmen, Taiwan and trade are discussed?

American, Chinese, Japanese and Taiwanese political observers suggest that the White House has acquiesced because no one in the administration's top level has had much experience in negotiating with China. Said a Chinese scholar: "The Clinton people are not aware of how the Chinese will manipulate this visit. They don't have a clue."

Sighed an American official with long experience in Asia: over Beijing.' American business execu-

tives in Beijing, initially eager to take part in the visit, say they are backing away now because they fear that the president will agree to a deal that will come under critical scrutiny in Asia and the United States. An assessment of traps

awaiting Mr. Clinton in China can be pieced together from officials and private analysts. The Chinese, for whom sym-

bolism\_is\_all-important, \_per-\_ snaded Mr. Clinton to move his trip forward from November to June, the anniversary month of the Tiananmen episode in committing Washington more which the Chinese army killed closely to Beijing's views and uncounted hundreds of democratic activists in 1989.

I he Chinese plan to have Mr. Clinton's appearance in Tian-anmen Square help to bring symbolic closure to that sorry chapter in China's history.

At first the White House said he could not go before the November midterm elections. Then political heat got turned up by potential scandals, and White House officials arranged to get him out of Washington in March to Africa, in April to Latin America, in May to Europe, and now in June to China.

The Chinese demanded that

By Richard Halloran

the president come directly America last fall, and Mr. Clinfrom Washington to China and return home without stopping in Japan, which is supposedly the key ally of the United States in Asia. Most U.S. presidents have stopped in Tokyo on visits to Asia for the past 25 years.

Clinton officials said the president had planned to stop over in Tokyo on this trip. The Chinese insisted that because President Jiang went directly to America and back last year, Mr. Clinton should do the same. The Chinese have induced

Mr. Clinton to spend nine days in China, far more time than seasoned diplomats can remember a U.S. president taking for a being seen as lining up with visit before. President Jiang autocratic China and Pakistan "Clinton's going to kowtow all Zemin spent the same time in against democratic India.

ton's visit is intended to show that he considers Mr. Jiang to be his equal.

When Mr. Clinton visits

Hong Kong, he will not have a separate meeting with Martin Lee, in deference to Chinese wishes. Mr. Lee and 19 other democrats recently won election to the Hong Kong legis-lature dominated by Beijing.

The Indian and Pakistani nuclear explosions, which have drawn worldwide criticism, have been added to the agenda, much to China's pleasure. Pakistan is closely allied with Beijing, and Mr. Clinton risks

Americans experienced in Asia express concern over how Mr. Clinton's visit will be seen in Japan and the rest of Asia They fear that he will serve Beijing's crusade to revive the concept of the Middle King-dom, in which China is Asia's dominant power.

Not that President Jiang will have a free hand with Mr. Clinton. The Chinese leader must quell a raging debate between leaders of the People's Liberation Army, who demand that China confront the United States, and the foreign and economic ministries, which see good relations with America to be in China's interest.

Mr. Jiang cannot afford to anger senior military officers. who hold the key to power in Beijing and take a hard line on

Taiwan, Military leaders have Chinese diplomats called "traitors" for what they consider a soft attitude toward the United States.

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So Mr. Clinton can expect tough words about Taiwan. Chinese leaders have said repeatedly that the future of Taiwan is the most important core issue in relations between China and the United States.

Most Americans appear to agree that good relations with China are in the U.S. national interest. The question is whether Mr. Clinton is going about it in the right way.

The writer, a former correspondent in Asia for The New York Times, contributed this comment to the International,

# Taiwan Has Cause to Worry About a Trend

TAIPEI — Taiwan is con-cerned about the con-sequences of Bill Clinton's visit to China. The worry is not so much about specifics as about the trend of U.S. policy revealed

in the run-up to the visit. Earlier there was real anxiety that Presidents Clinton and Ji-ang Zemin would sign a formal communique that would further downgrade Taiwan's status, perhaps jeopardizing future arms sales to Taiwan. Taiwan has now been assured that there

will be no such communiqué. The United States and China are now focused on trying to reach agreement on much more limited goals, primarily related to strategic weapons. But the momentum toward the dreaded communiqué may have been broken as much by politics in Washington as by consideration of where U.S. commitment to Taiwan stands in relation to other U.S. interests. The row about guidance systems and campaign contributions may have

By Philip Bowring been a lucky break, but that is hardly reassuring for Taiwan. To improve relations with

China is clearly a legitimate U.S. goal. One can argue that China has so far got the better of the bargain, on the trade front (a. \$40 billion surplus) and in trade-offs on issues including rocket technology sales. But the

goal is fair enough. So, too, is the U.S. hope that lations to 1996 crisis levels Most in Taiwan, across the political spectrum, share this hope.

But the urge to please and to praise Beijing almost regardless of America's other Asian interests is troubling. It was seen on the Indian and Pakistani nuclear test issue.

It surfaced again last week with the U.S. decision to intervene in currency markets, mainly at Beijing's behest. The intervention, together with praise for China for maintaining a fixed exchange rate, was at

odds with free market doctrines preached by the U.S. Treasury

elsewhere in Asia. These are not isolated instances. They are part of a pattern, reflected in much writing by U.S. sinologists, that Beijing. deserves rewards for its good behavior. This would not matter much

if policy change toward Taiwan were not one of the "rewards" improved ties will help avert a deterioration in cross-strait re
that Beijing expects the United States to offer.

the absolute rightness of its position over Taiwan have led Washington itself to adopt an increasingly defensive stance. Taiwan has become a nuisance, a barrier to closer ties with the Chinese military, an obstacle to U.S. companies seeking to capture the mainland market.

The United States at times appears to have shifted from comfort with the status quo over Taiwan to supporting a solution of the problem, although that is clearly impossible in the foreseeable future if Taiwanese are to have a say in the matter.

The status quo works. It allows avoidance of decision on the dangerous and divisive issue of independence, All three mainstream political parties in Taiwan, whether they are fervently for independence or unification or simply want the status quo regardless of the name, agree on one thing: that the now democratic political entity in Taiwan has the right to determine its own future rela-

tions with Beijing. The notion of sovereignty is not contrary to belief in "one China." There is no necessary conflict between U.S. diplomat-ic backing for "one China" and the democratic principle of sup-port for the freedom of the Taiwanese to choose. But people in Taiwan note the

growing suggestions that Taiwan "accept the reality" of eventual reunification.

It is argued by outsiders that, Taiwan is already part of Great, er China and must accept the political consequences. In fact, Taiwan's dependence on the mainland is exaggerated. Although 23 percent of ex-

ports go there, roughly threequarters of those are components for exports by Taiwanese, operated factories to third markets. The percentage of exports to the mainland has anyway been static for five years. Ta wan's economy is as closely integrated with California as with the mainland, and as a result is currently more stable; than any other in the region.

Economic realities notwithstanding, there is a fear of U.S. political pressure on a matter which Taiwanese believe is between them and the mainland. The greater the importance that the United States attaches to relations with Beijing, the more they worry that Taiwan is being treated as a pawn

This may be exaggerated. U.S. support for Taiwan was clear enough in 1996, and since then new U.S. military arrangements, notably with Japan, have underscored America's broader strategic commitments in the region. A superficially conciliatory attitude toward Beijing, especially on economic and military issues, might help contain nationalistic pressures, especially from the military.

A balanced and sophisticated U.S. view of Beijing is required-Taipei in the past has been partly to blame for the Manichaean contest between fawners and demonizers of China ing Washington

Maybe Taiwan just has to wait for the pendulum to swing back. But for the moment its, worries are real.

International Herald Tribune.

#### IN OUR PAGES: 100, 75 AND 50 YEARS AGO

#### 1898: Herald 'Enemy' MADRID - In the absence of

war news the papers here are trying to excite public opinion against the Herald. It is possible that the Government may expel American correspondents. The "Heraldo," one of the most widely circulated evening papers, has a leading article warning its readers against the Herald. "It is generally more trustworthy than other Yankee dailies," it says, "Nevertheless, the New York Herald is one of our enemies. We must always bear this in mind in reading its news. New York and Washington are big

1923: World Court

manufactories of lies."

LONDON - Many important supporters of the League of Nations here refused to comment to-day [June 22] on the speech of President Harding at St. Louis last night, in which he advocated a World Court divorced from the League of Na-s tions. Dr. Nicholas Murray Butler, however, declared that the building up of a system of worldlaw is necessary to bring about the cooperation of all nations.

#### 1948: Woman Wins

PORTLAND - A woman has: been chosen by the Republican, party in Maine as one of its two a candidates for the Senate. Early this morning [June 22], Representative Margaret Chase; Smith was leading by almost two to one in the returns from the.! party's primary elections, and; Governor Horace Hildreth, her; rival for the Republican nomination, conceded that he hadbeen defeated. If Mrs. Smith de-q feats her Democrat opponent in the November elections — and q Maine is regarded as a solid Republican state - she will be the second woman to be elected to : the Senate of the United States.

# Putting It Off Doesn't Help Britain

BRUSSELS — Tony Blair claimed last week at the end of the European Council meeting in Cardiff that it had marked a "transformation in our relations with Europe." This was not a judgment uni-

versally accepted. One view, expressed in this newspaper last Wednesday, is that Britain's six-month presidency of the European Union has been "lackluster and inefficient." The European Parliament has withheld its customary vote of thanks to the presiding nation.

At the start of the British esidency. Prime Minister Blair visited Washington. Without consulting his EU partners, he endorsed every detail of U.S. policy toward the Gulf. He followed this at the Birmingham summit of the Group of Seven by presenting himself to his European colleagues as Bill Clinton's best friend.

In early May, at the Brus-sels summit to confirm the launch next year of the single currency, he was in the ironic position of presiding over the decision to exclude Britain from the most important advance in European integration since the signing of the Treaty of Rome 41 years ago.

The meeting was widely regarded as badly prepared and handled Several European leaders were openly critical. Gordon Brown, chancellor

of the Exchequer, seemed

convinced that he would be

able to attend meetings of the

finance ministers of the Euro

Dominique Strauss-Kahn,

the French finance minister,

By Roy Denman

agreed that "Mr Brown will be there." He added, with a smile, "Now and again for 10 So it turned out. On June 4,

at the first meeting of the group, Mr. Brown was soon asked to leave. Britain has excluded itself from what will rapidly become the economic governance of Europe.
At the Cardiff summit, where hard decisions were de-

ferred, Mr. Blair concentrated on a populist version of the theme of institutional reform. There is certainly a case. A Europe built for six countries needs to be changed to meet the requirements of a future Europe of 25. But this should be decided by rational debate, not with Euro-bashing.

A second Blair approach was to blow hot on the euro, leaving the spin doctors to blow cold the next day.

The test of Britain's commitment to Europe will be the referendum, long promised, on the euro. It is misleading to think that time will ease this problem.

A British journalist, Allan Massie, recently pointed out that in the last 25 years Britain has become more international but less European. The young have rediscovered enthusiasm for the cinema, but it is American movies that they watch and talk about, not the French and Italian films that

One of the main mass cir-

culation newspapers used to

have correspondents all over

used to be all the rage.

Europe, but now has virtually none. Even the broadsheets scarcely mention Europe except when neo-Nazis riot or French truck drivers strike.

One British interest in Europe, of a sort, certainly remains. Every major soccer match on the Continent against a British team brings an invasion of football hooligans wrapped in Union Jacks, besozzled lager louts rioting through the night, a phenomenon that is not equaled elsewhere in Europe.

There are already many in the Euro-11 who doubt the advantage of burdening themselves by adding to their number a country so stridently anti-European, which is opposed to any further political integration and seems obsessed by cosying up to the United States.

Exchange rate speculation will make an isolated sterling volatile, but Britain's partners will insist on a period of exchange rate stability before entry. This will arouse a storm of protest in London. Those who oppose British entry will have a powerful weapon.

The longer Mr. Blair delays the referendum, the more hazardous Britain's future will be. His delay has to do with fear of losing the support of Rupert Murdoch's press and thus putting at risk victory in the next election. The British people deserve better than that.

The writer is a former representative of the European Commission in Washington. He contributed this comment to the Herald Tribune.

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**OPINION/LETTERS** 

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# Fitting Memorial to Goldwater: Direct Debate

W ASHINGTON — True to the ultimate rite of passage, Americans paused to pay tribute to the passing of Barry Goldwater with several days of heartfelt tributes and reminiscences. Then we plunged right back into the here and now, the trials and trivialities of today.

But conservatives, liberals and middle-roaders can create a unique living memorial to Mr. Goldwater by which present and future generations can celebrate this uncommonly honest and direct man.

We can create a new, permanent institution of politics — a form of presidential election debates that could bring more civility to our campaigns. And we could designate it as an enduring memorial to the two politicians who actually intended to use it in a presidential campaign. Here's to the Kennedy-Goldwater Memorial Presidential Debates.

The idea for this debate series was born in a little-remembered agreement between President John F. Kennedy and Senator Goldwater The two were ideological foes who had developed a great professional respect and personal fondness for one another since going to the Senate together in 1953.

When Mr. Kennedy was in the White House, the two men figured they would be running against each other for president in 1964. It was a prospect each relished, politically

By Martin Schrani

and personally. And so they agreed that they would campaign together, at least on occasion, traveling from city to city, perhaps on the same airplane or train, and at each stop would debate the issues.

Just the two of them on a stage. No media moderators or interlocutors

It seems a pipe dream in looking at some of today's negative campaigning.'

artificially setting agendas, with their choices of questions, becoming players in the process they are supposed to be merely chronicling. Instead, one candidate would begin with a topic of his choosing, the other would respond, and the debate, or discussion, would be under way.

But of course that was the campaign that never happened. And Mr. Goldwater's relationship with Mr. Kennedy's successor, Lyndon B. Johnson, was very different. It was largely characterized by personal dislike and professional disrespect. We did not learn of the Kennedy-

"When Jack Kennedy died, I lost all interest in running," Mr. Gold-water said in an interview in the late 1970s with a political columnist, Steve Neal, now with the Chicago Sun-Times. "The country wasn't ready for three presidents in three and a half years. And I knew Johnson would not run an honest campaign like Kennedy. Kennedy and I used to talk about running against each other. We came to a tentative agreement that would have revived the practice of the two candidates traveling to-

gether around the country and ap-pearing on the same platform."

A decade later, Mr. Goldwater wrote about the agreement in his auto-biography, published in 1988: "Kennedy and I informally agreed it seems a pipe dream in looking at some of today's negative campaigning
— that we would ride the same plane or train to several stops and debate face

to face on the same platform." He elaborated in an interview that year with William Prochnau of The Washington Post; "I would have enjoyed it very much. I even talked to him one day about using the same airplane, going to the same places. He'd get out in one place and start to debate and I'd rebut him. Then we'd turn it around in the next place. ... He

until years later, when Mr. Gold-water recounted it on several oc-has, in fact, been tried and tested with great success. 'If President Kennedy and Senator Goldwater had

heen able to campaign in that format, it would have closely resembled the Lincoln-Douglas debates," said David Zarefsky, dean of the school of speech at Northwestern Univer-sity and a leading authority on the 1858 debates between the two candidates for senator from Illinois. "As in Lincoln-Douglas, it would have been two candidates debating the issues, alternating in order at each de-

bate, with no panel of journalists." "If that format were followed today," he added, "I think it would be most beneficial, for the candidates and the public.

Congress could encourage such a development by enacting a bipartisan resolution urging presidential candidates to take part in at least one such weeklong series of cross-country de-bates. Better yet would be a weeklong series of joint appearances in September and another in October.

The Kennedy-Goldwater Memorial Debates might restore honest discourse and clarity to our election contests, vital ingredients that are largely missing in the video ad wars that dominate campaigns at all levels.

The writer, a Washington political columnist, contribued this comment to The Washington Post.

Lending governments that

claim they are unable to in-

ment assistance, which has

years, could then include

these reinvested repayments as part of their official aid

ing the UN target of 0.7 per-

cent of gross national

recognized for more than 20

The writer is director of the

United Nations Development

Program's regional bureau

#### **Searching for Cancers' Causes?** Try Genetics and How You Live

By Brian E. Henderson and Susan Preston-Martin

OS ANGELES - In the last 25 years, increasing beyond what might be expected ever since President Richard Nixon declared a war on cancer, one of the primary assumptions investigated by researchers has been that cancer is "caused" by some external exposure to some "unnatural" element.

It was a theory supported, in an indirect way, by overwhelming scientific evidence that smoking leads to lung cancer or sun exposure leads to melanoma.

It is a perception that continues to live, in the form of beliefs that "leading scientists" regard environmental toxins as a significant cause of rising cancer rates in the developed

Yet despite an enormous number of studies conducted over the past three decades ex-amining many possible putative relationships between environmental factors and cancer,

#### MEANWHILE

few correlations have been found. From electromagnetic fields and pesticides to mi-crowaves and smog, credible studies have shown little evidence of links between environment and cancer risk.

Millions of dollars poured into researching environmental exposures in groups at highest risk - farmers and pesticide exposure, for example, or residents who live in proximity to chemical stockpiles - have found few direct links between exposures and cancer.

For example, a major study in the New England Journal of Medicine last fall by researchers from Harvard and Mount Sinai Hospital in New York found no evidence of an increased breast cancer risk among women with high levels of organochlorines from pesticides and industrial chemicals such as DDT and PCB in their blood, the chemicals most likely to pose a risk.

Likewise, studies investigating a possible link between smog and lung cancer have turned up no evidence - although they established a link between smog and asthma.

In addition, international studies of developing countries, where exposures to environmental toxins are in many cases much greater than in developed countries, find no corresponding increase in cancer rates.

Confusing the issue is the fact that even though cancer incidence overall is declining, some cancers are indeed on the rise, seemingly correlated to changing factors in the environment.

While stomach cancer, which was the No. 1 cancer in the United States 40 years ago, is now down to seventh place, the rates for endogenous hormone-related cancers like breast and prostate cancer climb.

Explaining the reason that some cancers are increasing is complicated. For example, with childhood brain tumors, measuring the absolute incidence of a rare tumor is difficult enough, and there are data suggesting that the fornia School of Medicine. They contributed rates of brain tumors at older ages are not this comment to the Los Angeles Times.

from changes in diagnostic technology like magnetic resonance imaging.

Indeed, even if one assumes that childhood brain tumors could somehow be related to foods containing nitrites, the amount of ni-trites in foods has been steadily decreasing during the same period when childhood brain tumors were increasing.

Similarly, if one assumes increased breast cancer is give to pesticides, it would follow that the agricultural heartland would boast the highest rates. Yet they are among the lowest, while urban areas where educated women delay their childbearing are among the highest, suggesting sociocultural changes that have affected women's lifetime hormone exposure are responsible.

Meanwhile, for the first time since Mr. Nixon's declaration, we are learning enough about cancer to make intelligent decisions in regard to treatment. Mortality rates, even for breast cancer, are declining. We have even reached a point of designing effective pre-vention, such as treating women at high risk for breast cancer with tamoxifen.

But contrary to the initial assumptions of an external cause, what most researchers are finding — and what is the foundation for the most dazzling advances in cancer - is that the majority of cancers arise from a complex set of combined factors: a genetic predisposition. internal chemistry such as hormone levels, which are often genetically predetermined, and to a certain extent lifestyle decisions that affect those predispositions.

Unfortunately, when authorities push for more study of environmental risks, the perception of this environmental problem distracts the public from the real issues in cancer such as smoking, dietary habits that are not healthy, like the consumption of excessive fat, and weight gain.

Studies have shown that the U.S. population's increasing obesity is more of a cancer risk than any environmental exposure.

Studies also have shown that women who delay childbearing until after 30, who have early menarche and fewer pregnancies, who get limited exercise, particularly in their teens and 20s, and who take estrogen replacement therapies are more at risk for breast cancer because their lifetime exposure to estrogen is дгезлет.

Instead of throwing out a pesticide wild card, we need rational public education on the real issues in cancer.

It is a harder message, however, to say that the cause of cancer is not from an external exposure but may be from within you, your own genetic susceptibility combined with things you do like diet and exercise.

The writers are professors of preventive medicine at the University of Southern Cali-

# Goldwater campaign agreement

GENEVA — At its most recent annual meeting in Geneva, in March and April, the United Nations Commission on Human Rights decided to appoint a special rapporteur to investigate the effects of foreign debt burdens on development in low-

income countries, While this decision did not make the headlines, it nevbecause it implies that the current debt levels of many countries may constitute a violation of the inalienable right of all people to devel-

The total external debt of which is owed by the 41 "least developed countries." by the World Bank to be in an tions Development Program, untenable position.

have serious consequences on under 47 years, compared Saharan Africa and South ranked countries.

By Hans Von Sponeck

Asia. But it also affects industrialized countries, which Kofi Annan, has described are missing out on opportunities for growth at a time the neck of Africa" that holds when markets are rapidly globalizing.

Highly indebted poor counthe cycle of poverty, develop gal and political significance economy. In 1995, Mozam- ternational community. bique spent 33 percent of its compared with 3.3 percent on health and 7.9 percent on education. Niger's external debt

ntenable position. Mozambique is ranked 166
The debt crisis inherited and Niger 173. Life expect-

The UN secretary-general, debt as "a millstone around back development and economic growth.

Collect Poor Countries' Debt and Return the Money in Aid

The problem of debt must tries are unable to mobilize the not be allowed to persist. In the perative that the terms of reresources they need to break current context of globalization, it must be solved with the ertheless has considerable le- and integrate into the world commitment of the entire in-The International Mone-

Such nations are considered calculated by the United Na- dysfunction in the economic own reconstruction. metabolism.

exact from an individual debt- countries use the payments to or installments so large that he finance human development or she could no longer enjoy a policies in the debtor nations. decent standard of living. It is disgraceful that the most privileged countries could deny crease their official developthe populations of poor countries a right as fundamental as fallen to its lowest level in 25 social development. It is impayment be adjusted.

In many cases, the overall budget. In doing so, they amount of debt should be re- could come closer to achievduced or even eliminated. Creditor countries could draw budget on servicing debt, tary Fund and the World Bank inspiration from the criteria product, a goal that has been play a crucial role in the treat- applied by the London Agreement of foreign debt. For a ment of 1953 to Germany's years as a minimum. number of years, these two accumulated debt from the amounts to nearly \$1.6 billion institutions have received two world wars. Germany's and, every year, two-thirds of more money than they have economic survival was put developing countries is close its domestic resources are lent to countries severely ahead of the full repayment of to \$2 trillion, \$250 billion of spent on debt service. burdened by debt, and they its debt, enabling the nation to for Europe. He contributed Out of 174 countries in the are usually the first creditors take part in its own devel- this comment to the Interna-Human Development Index to be repaid. Surely this is a opment or, in this case, its tional Herald Tribune.

The treaty was intended to Debts must be rescheduled "neither dislocate the Gerso that poor countries are left man economy through unfrom the 1980s continues to ancy in these two countries is not just with the means for desirable effects on the insubsistence, but with suffi- ternal financial situation, nor the populations of developing with 80 years in Canada and cient revenue to return to unduly drain existing poten-countries, particularly in sub- France, the two highest- growth. No court in an industrialized country would sources, and it should not add appreciably to the financial burden." Surely this is a model that could be emulated

The partial or total cancellation of debt must also be detached from all political and economic conditions. Instead, debtor countries should undertake to carry out reforms guaranteeing transparency and accountability in the management and administration of their economies.

Opponents of partial or total debt forgiveness argue that it would amount to rewarding poor management practices. A solution that would favor good management, while restoring the capacities and dignity of highly indebted poor countries, would be to require debtor nations to repay their remaining debt and the interest on it, on the condition that creditor



#### LETTERS TO THE EDITOR

#### A Bigger Jerusalem

Regarding "Israel Moves Jordan. Defiantly to Expand Jerusa-lem." (June 22):

perimeters of Jerusalem illustrates a lack of pragmatism by the Israeli cabinet. The 1967 war signified that the international community will not acknowledge land annexed by means of force or war. Consequently, the majority of the members of the United Nations have located their embassies in Tel Aviv rather than in Jerusalem, in effect voicing disapproval for Isra-

el's lack of sensitivity.

Although the U.S. Congress voted to move the American Embassy to Jerusalem, President Bill Clinton has criticized the decision, acknowledging that the issue of Jerusalem should go untouched until the final status negotiations determine its exact standing in both an international and regional context.

Would it not be wise of Israel to refrain from provocative decisions, keeping in mind that such decisions will almost always have a direct bearing on it and the Israeli people?

Since Likud came to power, Benjamin Netanyahu and his cabinet have managed to tamish any credence Israel has had by virtue of its Oslo

agreement with Palestinians bristling armaments designed

At such a tense juncture in the Middle East process, Is-The decision to expand the rael should be contemplating what the course for lunch will be rather than be thinking of MASSOUD DERHALLY.

ports, April 29:

Glenn Frankel asks of Israel: "Is it a vehicle for Jews to enter the community of nations as a normal people with allies, economic ties and diplomatic relations? Or is it a fortress with high walls and by Beijing bureau chiefs for

and the peace treaty with to protect Jews by sealing them off from a hostile world?"

Well, is it located in the Mideast? Or somewhere near Luxembourg?

STEVE AMDUR. Kibbatz HaOn, Israel.

#### Two Faces of China President Bill Clinton

tressing that the problem of political freedom and free overcome in his visit. discussion in China may be worsened by his doing so.
On Sunday, China Central
Television broadcast a dis-

cussion of Mr. Clinton's visit

magazine. The program was entirely

NPR and Time

CNN,

in English, thus ensuring an image of open discussion to Western viewers. Although translations from English into Chinese languages are quite common, this was not done - a preventive method, no doubt, should it verge onto sensitive topics.

Regarding: "At 50, Nation Looks Confidently, Yet Warily, to Its Future," Special Reports. April 29:

should go to China, as there is six the country will be a major player in the coming century. It is, however, distinguished the U.S. media in China's two-faced policy presenting one to the West, the other to it amount to the othe It is this rather naive pa

Perhaps a U.S.-produced broadcast of his visit in Chinese languages on China JOSEPH URENECK.

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MIDEC - International Shoe Fashion - Paris	6 - 8 SEPTEMBER 98
NEW QUOJEM	
Hardware - Tools - Industrial Supplies - Decoration - Home Automation	20 - 23 SEPTEMBER 98
INDIGO	
International Exhibition of Creation and Design for Fashion and Decoration	1 - 4 OCTOBER 98
MOD'AMONT - Fashion Supplies and Trimming Trade Fair	I - 4 OCTOBER 98
PREMIERE VISION - LE SALON - The World's Premier Fabric Show®	1 - 4 OCTOBER 98
SIAL - International Food Products Exhibition	18 - 22 OCTOBER 98
EXPOPROTECTION - International Safety and Security Exhibition	3 - 6 NOVEMBER 98
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**新聞** 

# Time Magazine to Investigate CNN Report on Poison Gas in Laos

By Lawrie Mifflin New York Times Service

NEW YORK - Doubts raised about the accuracy of a recent article that was published in Time magazine but was written by Cable News Network journalists are serious enough that Time's editors have ordered a further investigation.

The article asserted that the U.S. military dropped lethal nerve gas on a Laotian village in 1970, during the Vietnam War. as part of a secret mission to kill American

The issue of Time that appeared Monday carried a letter to readers from the managing editor, Walter Isaacson, telling them that the magazine was now doing its own reporting on the matter and would correct any mistakes or clarify any disputes in future issues.

"I trust CNN's journalistic standards," Mr. Isaacson said in an interview. "They did a story for us that was based on a lot of evidence. If some of that evidence is now suspect, that is something we plan to report to our readers, once we get to the bottom of it."

The article appeared in Time the morning after the television version of the report

and Time," an unusual collaboration between the two news organizations, which are both owned by Time Warner Inc.

Within hours of the June 7 broadcast, CNN's report was criticized as false; the producers were accused of ignoring or suppressing evidence that undercut their poison-gas thesis, and Time's rival, Newsweek, had begun work on an article that, when published the next week, would be an attempt to rebut much of the report.

Ten days after the broadcast, CNN's own military analyst, a retired major general, resigned in protest, calling the report false and noting he was not consulted during its preparation.

CNN's own producers created some of the suspicion, by choosing not to reveal a noteworthy fact about one of their most important sources.

The accusation that sarin, a nerve gas banned by international law, was used during Operation Tailwind, code-named for the secret forays in Laos, is made most vigorously in the CNN report by two soldiers who were there for one operation in 1970, Michael Hagen and Robert Van Buskirk. But Van Buskirk told April Oliv-

day's events for 24 years, from 1974, when he had a religious awakening, until Ms. Oliver began questioning him.

Yet Ms. Oliver, who began work on the report last September, and Jack Smith, a veteran CNN producer who joined her on the project in February, decided to exclude mention of Mr. Van Buskirk's recoveredmemory revelation from their report. Nor did it appear in the Time magazine article, co-authored by Ms. Oliver and Peter Arnett, the CNN correspondent on the televised report.

John Stacks, an executive editor at Time who works on the Newsstand collaboration, said he had known about Mr. Van Buskirk's repressed memories of the foray, which included an incident in the Laotian village where Mr. Van Buskirk said he chased a blond American defector and presumably killed him by throwing a grenade into a hole into which the man had fled. "April, with Jack's supervision, wrote that piece so it was her call," Mr. Stacks

Mr. Smith of CNN said: "My reason was I felt so strongly that he was telling us what really happened in that camp, and one

was broadcast on the debut edition of a new CNN program called "Newsstand: CNN that he had repressed all memory of that told us he remembers seeing that blond fellow coming toward Van Buskirk."

Mr. Stacks said he had read CNN's background briefing book, which contained transcripts of interviews, memos about offcamera interviews, and scientific research about nerve gas, and was confident of the report's accuracy. He also noted that Mr. Van Buskirk was not CNN's only source.

Two other soldiers from Operation Tailwind who appeared in the CNN report. Jim Cathy and Jay Graves, said they believed that herve gas had been dropped. The retired admiral who was then chair-man of the Joint Chiefs of Staff. Thomas Moorer, now 86 years old, also appears on camera but his comments are ambiguous; Mr. Arnett's narration says that Admiral Moorer admitted off-camera that nerve gas had been used.

Beyond that, the report cites "senior American military officials" as confirming that nerve gas was used in Operation Tailwind, and Mr. Arnett, in an interview broadcast Monday on National Public Ra-dio's "On The Media," said that CNN

'can prove documentarily that it was.' Captain Eugene McCarley, the Tail-wind commander that day, appears in the

CNN report but has since complained that general comments were used out of context to buttress the specific nerve gas al-legation. But CNN did use his comment, I never, ever considered the use of lethal gas, not on any of my operations.

Structuring

On the next week's edition of "Newsstand," June 14, CNN gave an update, noting that the Pentagon had ordered an investigation but had also said that the gases used in Operation Tailwind were most likely a tear gas and one used to induce vomiting. Three more soldiers from the Tailwind operation also appeared June 14, describing a gas that was "more potent than tear gas" and was called

knockout gas. Major General Perry Smith, retired, the military analyst who resigned from CNN after seven years as a consultant, said he had contacted the soldiers interviewed for the "Newsstand" report, and several had told him that Ms. Oliver "planted" the idea that sarin had been the gas used that day in Laos, even telling one man that his commanders had lied when they told him

it was tear gas.

Mr. Smith, the co-producer, speaking for himself and Ms. Oliver, flatly denied for himself and me load people?" he said that. "We did not lead people," he said.

#### Russian Effort In Kosovo **Proves Futile**

PRISTINA, Yugoslavia - Russia pressed in vain for an end to the violence in Kosovo on Monday, but heavy fighting broke out for control of two key roads in the secessionist province, where The Yugoslav Army seems to be playing an increasing role.
Six armed ethnic Albanian militants,

striking into a Serbian stronghold, kidnapped three Serbs on Monday in Kosovo Polje, just outside Pristina, Serbian sources said.

The Russian foreign minister, Yevgeni Primakov, appealed in Moscow to fellow members of the six-nation Contact Group to give Serbia more time to pull back its 45,000 to 50,000 security forces in Kosovo and to resume negotiations with ethnic Albanians, who outnumber Serbs in the province by 9 to 1.

A Primakov deputy, Nikolai Afanasyevsky, met in Pristina on Monday with a senior Serbian official and then with the leader of the Kosovo Albanians, Ibrahim Rugova, saying he wanted to carry out "as soon as possible" the agreement reached in Moscow last week.

MY HEART LAID BARE

A William Abrahams Book/Dutton.

Reviewed by Michiko Kakutani

such earlier books as "Bellefleur,"

By Joyce Carol Oates. 531 pages. \$26.95.

N "My Heart Laid Bare," her pon-

Lderous new novel, Joyce Carol Oates

returns to the landscape of genre fiction

she explored with uneven success in

Bloodsmoor Romance" and "Mysteries

of Winterthurn." This time, we are giv-

en an old-fashioned family saga, dressed

up with the usual Gothic curlicues, the

usual heavy-breathing prose and some

a clan of con men indoctrinated in their

patriarch's Nietzschean credo. "Al!

men are our enemies, as they are

strangers," Abraham Licht tells his chil-

dren. Life is a Darwinian game, in his

view, in which the rules are very simple:

No failure without another's success,

To feel another's pain is defeat./ To turn

ating a narrative that's basically a suc-

cession of con jobs within con jobs,

scams piled upon scams, from fixed

horse races and daring holdups to so-

phisticated investment setups and hokey

medical treatments: a Mametian smor-

up in turn-of-the-century dress and gar-

nished with some typical Oatesian gore,

including several murders and the grisly

The cynical me-firstism of the Lichts.

for American selfishness and ambition.

Abraham's refusal to think about the

consequences of his actions mirrors

Americans' penchant for living in the moment, just as his faith in the "cash

value" of an idea symbolizes Amer-

Even as she's pontificating in exclam-

atory, italic-heavy prose, Oates is busy

turning her characters' lives into a historical echo chamber. The Lichts are

constantly running into famous histor-

ical figures (Abraham, for one, gets a job

with the Harding administration and so-

cializes with the likes of the Astors)

while playing out their domestic dramas

against the backdrop of huge public events like World War I, Prohibition and

Oates's efforts to make the Licht fam-

ily representative of the 20th century.

however, severely test the limits of

plausibility. Abraham's con jobs take

him from Wall Street to Washington and

have him dabbling in everything from

psychiatry and fertility treatments to ad-

vertising and the federal surveillance of

subversives. One of his sons goes west to

test himself - and an unsuspecting

mark - on a Teddy Roosevelt-like ad-

venture in the wilderness. Another re-

invents himself as a born-again evan-

gelist in the South, and a third becomes a

musical prodigy who plays Carnegie

THE STATE OF

the stock market crash of 1929.

icans' entrepreneurial zeal.

mutilation of a corpse.

the other cheek, a betrayal."

'No success without another's failure./

The Licht family, we quickly learn, is

added "Ragtime" esque pretensions.



Velijko Odalovic, left, the chief Serbian administrator in Kosovo. greeting Nikolai Afanasyevsky before their talks Monday in Pristina.

Hall. One daughter becomes a wealthy used her mastery of social and psy-

matron, traveling in the snootiest social chological detail to flesh out her char-

President Slobodan Milosevic of Yugoslavia pledged he would resume talks with Mr. Rugova, but refused to pull back his forces, saying they were battling terrorists.

The Albanians say they cannot negotiate while soldiers and policemen loyal to Mr. Milosevic crack down on civilians and driving tens of thousands

**BOOKS** 

comes a feminist crusader with the

As if this were not enough, Oates has

Abraham adopt a black child, who

grows up to become an Afrocentric rev-

olutionary, preaching a doctrine of sep-

aratism and hate in the most cliched and

racially stereotyped of terms.

For that matter, every character in

'My Heart Laid Bare'' comes across as

a stereotype or cliché: Abraham as a

maniacal patriarch, his son Harwood as

a violent bully, his daughter Millie as a

manipulative flirt, and so on and so on

In earlier novels like "You Must Re-

member This" and "Because It Is Bit-

ter, and Because It Is My Heart," Oates

and so on.

American Birth Control League.

of Albanians from their homes.

Mr. Rugova's deputy, Fehmi Agani, stressed after the meeting with Mr. Afanasyevsky that the pullback was essential to any talks.

Mr. Afanasyevsky said that both sides must act. "Measures should be taken to decrease and withdraw security forces the militant separatists of the Kosovo and comply with the commitment not to Liberation Army, in the process killing use force against civilians," he said. "All terrorist activities should cease."

imagined matrix of relationships; as a

result, their actions, however melodra-

matic, felt believable and authentic.

Here, in contrast, she has substituted

incident and intrigue for emotional in-

sight, sweeping historical vistas for a

carefully observed social context, and

her characters' actions, consequently,

this book - as she so often does - of

destiny and fate, the trajectory of her

characters' lives feels less like the in-

evitable working out of familial and

societal imperatives than the poorly

thought-out manipulations of an author

New York Times Service

bored by her own pallid creations.

Although Oates speaks repeatedly in

feel arbitrary and contrived.

#### Serbs Move Up Their Armor Kosovo Rebels, Dug In, Vow Fight to the Death

By Chris Hedges

New York Times Service JUNIK, Yugoslavia - A half-dozen gaunt, unshaven, villagers, some clutching old hunting rifles, peered nervously around

the side of a stone barn. On the road in front of the barn, they had dumped two spiked metal tracks from an old haying machine on the cobblestones to block traffic. Another group of men, most in motley camouflage uniforms, darted behind a barricade a few meters away. They peered out from behind the pile of old planks, tires, bricks and sacks filled with dirt.

'Snipers!" hissed Shaiquer Maloku, 31, one of the villagers, warning a visitor. "Move out of the road! A man was shot and killed here two days ago by the Serbs. Come into the

The rebels here in the southern Serbian province of Kosovo, fighting to carve an independent state from one of the two republics that remain in Yugoslavia, have dug trenches around villages they control. Joined by the men who remain in the villages, they have set up sandbagged roadblocks, where they politely check the documents of those who enter their "liberated zones," and they talk heroically of fighting to the death.

Many have been lulled into believing that

the curtain will never close on this heady period of their revolt. Rebel leaders naively insist that they can muster enough force with their light weaponry and poorly trained volunteers to defend towns and positions against a mechanized assault by Yugoslav troops.

On the hills and roads surrounding rebeicircles, while her younger sister be- acters' lives and situate them in a richly held areas, now as much as 40 percent of the province, the government of Yugoslavia, of which Serbia is one of two remaining republics, is positioning hulking tanks. It also has sent armored personnel carriers and spider webs of green camouflage netting that mask huge howitzers as well as mortar and sniper positions.

The government troops are slowly strangling the rebel strongholds, having seized the main road between Pec and Djakovica from the insurgents over the last few days. The shattered houses along the road, many with

gaping holes, speak of fierce combat.

Serbia, for its part, at times seems as oblivious as the rebels to the reality of its range impact of the fury provoked by its counterinsurgency sweeps, which have left more than 300 people dead and caused 80,000 people to be displaced from their homes since March.

banians who make up 90 percent of the province's 2 million people have largely abandoned a tactic of peaceful resistance in their drive for independence.

Armed peasant farmers and other residents. joined by hundreds of rebels who have picked up weapons and uniforms over the border in northern Albania, are facing 50,000 government soldiers and special police. In Junik, about 65 kilometers (40 miles)

southwest of Pristina, the provincial capital, the men in the camouflage gear wear baseball caps with red patches that show the black double-headed Albanian eagle and the initials UCK, the Albanian acronym for the rebel Kosovo Liberation Army.
The long, black snout of a captured 20mm

anti-aircraft canon sticks out from the little fort toward the deserted road, strewn with rocks and branches, that meanders out of the

Three kilometers north, on the main road that has been recaptured, a 26-year-old Serbian police officer said: The terrorists held this road for 15 days.

We have taken it back. "Anything to the left or the right of the road belongs to the terrorists." the officer added. "This is a war. We are doing what any police officer anywhere in the world would do

when being attacked by armed groups trying to stomp them out and restore order. The throaty rattle of a heavy machine gun mounted on a nearby hill interrupted the conversation.

"They shot at us," said the officer, non-plussed. "We are answering back." The United States, in an effort to stay the

hand of President Slobodan Milosevic of Yugoslavia, has threatened NATO intervention unless the soldiers are withdrawn from

#### It increasingly appears that Mr. Milosevic is biding his time until he sees an opportune moment to strike.

the province and negotiations with a moderate ethnic Albanian leader, Ibrahim Rugova, are resumed. It increasingly appears, however, that Mr. Milosevic is biding his time until he sees an opportune moment to strike to wipe out the rebellion. That moment may not be fair away, given the bickering within the North Arlantic Treaty Organization over what to do in Kosovo, with some members of the alliance, but not the United States, saying that intervention requires United Nations autho-

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But a push to wipe out the rebel zones would be likely to force the insurgents to move into the hills, to build smaller, more fluid, bands and to widen the scope of the war perhaps bringing it into Pristina.

It would also create scores of new martyrs, the fuse that ignited the current rebellion. It was the earlier crackdown on the ethnic Albanian separatists that led hundreds, and perhaps thousands, of ethnic Albanians who had left Kosovo seeking new opportunities to quit their jobs in Germany and Switzerland

None of us want a war. We believe we have been given no choice. It is the only way we . will be free."

over the past several weeks and to travel to northern Albania to join the rebel movement. Any prolonged war also has the danger of drawing Albania, already a staging area and sanctuary for the rebels, and Macedonia, which also has a restive ethnic Albanian

minority, into the conflict. In Junik, Mr. Maloku, an architect wearing a green ammunitions pouch strapped over his sweater and carrying an AK-47 assault rifle, stood with a half dozen of his neighbors under the peaked barn roof with its dark oak

The tractors, wooden rakes, buckets, empt animal stalls and faint scent of machine of gave to the cool interior a sense of bucolic peace that helped soften the signs of brutality outside. On the stucco walls of the house that faced the barn were splotch marks from shrapnel explosions and drill-like holes from sniper bullets.

None of us want a war," he said, "We believe we have been given no choice. It is the only way we will be free."

#### **CHESS**

By Robert Byrne

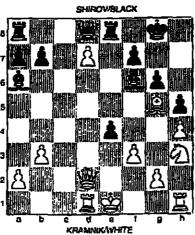
Abraham's greedy scheming drives the plot of "My Heart Laid Bare," cre-LEXEI Shirov, a 25-year-old Span-Aish (formerly Latvian) grandmaster, upset Vladimir Kramnik, a Russian grandmaster, in the World Chess Coun-cil Candidates Match, held recently in Cazorla (Jaen), Spain. In this 10-game series against Kram-

gasbord of confidence schemes, served nik, Shirov won two games and made seven draws for a 5 ½-3 ½-score. In the deciding Game 9, Shirov de-molished Kramnik's intended attack by a

brilliant counter featuring a rook sacrifice. Kramnik's 3 f3 was probably played however, is not merely a narrative device. It's also supposed to be a meta-phor for untrammeled capitalistic greed, for surprise value; he had no luck in the earlier games with orthodox methods against Shirov's Gruenfeld Defense and hoped to catch him off guard with this old aggressive Alekhine move that never earned a solid reputation.

After 5...Nb6, the black center is knocked out, yet the f3 pawn makes it difficult for White to develop his minor pieces effectively.

On 7...O-O. White can go for broke with 8 f4!?, yet 8...Nc6 9 d5 Na5 10 Bd4 Bg4! 11 Qd3 e5! 12 fe Nac4 13 Qe3 h5! 14 Nf3 Qe7 15 O-O-O c5! 16 d6 Qe6 17 Bc5 Qe6 leads to strong counterchances for Black. After 8 Qd2, it is usual for Black to



8 Qd2 9 d5 10 h4 10 h4 11 Bez 12 ed 13 d6 14 Bg5 15 Rd1 16 Nh3 17 Bc4 18 b3 19 Nd5 20 Nf5 Position after 21 d7

play 8...Nc6, but Shirov's 8...e5!? 9 d5 c6 appropriately counterattacked the white center. It was difficult for Kramnik because an attempt to simplify by 10 O-O-O cd 11 Nd5 Nd5 12 Qd5 Qf6 would leave Shirov with the better opportunity for a mating attack. All the same, 10 h4, to mean anything, demanded 11 g4!? and Kramnik evidently did not believe in it. After 19...e4!? Kramnik might have

tried 20 d7 immediately, but 20...ef!? 21 de Qe8 22 Qe3 Nd5 23 Rd5 Qc6 24 Rd8 Rd8 25 Bd8 Qc2! 26 Qe8 Bf8 27 gf Kg7 28 Ba5 Qb1 29 Kf2 Qa2 30 Kg3 Bd6 31 Nf4 Qa5 would be too strong for Black. The interpolation of 20 Nf6 Bf6 did not

enhance 21 d7 because Shirov produced the blockbuster 21...Qb6! After 22 de/Q Re8 Kramnik could not defend by 23 Be3 because 23...Bh4 24 Nf2 ef 25 Rh4 Re3 forces mate. So he played 23 Qe3, but after 23...Bg5 24 Qb6 Bh4 25 Kd2 (or 25 Qf2 ef 26 Kd2 Bf2 27 Nf2 Re2) ab, Shirov had a bishop plus two pawns for a rook.

Kramnik lost a pawn with 34 Re1 Re1 35 Ne1 Bb4 36 Re2 Be1 37 Re1Bg2, but in any case he had little chance for defense. Facing 48...Kd4, 49 Kc4 and 50 Kb4. winning both of the queenside pawns. Kramnik gave up. **GRUENFELD DEFENSE** 

1 d4 2 c4 3 f3 4 cd 5 e4 6 Nc3 7 Be3 26 fe 27 Kc2 28 Rd2 37 Rel 39 Ke3 42 Rd2 43 KI4 44 Rd7 45 Rh7 45 Kg3 47 Kg4 48 b5

#### U.S. Envoy Starts Visit to Balkans Holbrooke Meets Greek Leader to Discuss Cyprus and Kosovo Crises

The Associated Press ATHENS - Richard Holbrooke, newly

appointed to be the chief U.S. delegate to the Inited Nations, met with Greek officials on Monday to discuss deteriorating relations with Turkey over Cyprus.

According to a government spokesman. Dimitris Reppas, the crisis in the separatist Serb province of Kosovo was also on the agenda in the talks with Prime Minister Costas Simitis and other Greek officials.

Kosovo is also expected to be the main focus of talks between the Macedonian foreign minister, Blagoj Handziski, and his Greek counterpart, Theodoros Pangalos, during an expected meeting Tuesday. Macedonia has a large ethnic Albanian minority in areas bordering Kosovo.

Mr. Holbrooke is expected to discuss the same issue during meetings in the Yugoslavian capital, Belgrade, later this week. He is expected to return to Athens to give a commencement address at the American College of Greece on Friday. No statements were made after Mr. Holbrooke's meeting with Mr. Simitis, underlining the private nature of the American official's visit here.

But Mr. Reppas said talks would have focused on last week's crisis between Athens and Ankara after the deployment of Greek and Turkish warplanes on Cyprus.

Until his nomination to the UN post, Mr-Holbrooke was President Bill Clinton's special envoy for Cyprus. He failed to restart talks between the Greek and Turkish communities on the island.

Tensions have been on the rise in Cyprus after a decision by the Greek Cypriot government to deploy Russian-made anti-aircraft missiles on the island. Turkey has threatened to prevent the deployment, an action that could lead to a war between Greece and Turkey. 21
Cyprus has been divided since 1974, when

Turkey invaded and occupied its northern third following an abonive Athens-backed coup by supporters of union with Greece.

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# Structuring Creativity: Antwerp's Cradle of Design











By Suzy Menkes nal Herald Tribian

NTWERP, Belgium - It was like a film noir in a medieval dungeon: ghostly white figures with pictures projected on

But behind this dramatic scenario was a rack of intricately cut, well-made clothes in black and gray — with just a splatter of blood red as a skirt unfurled. Belgian fashion is a particular mix of gothic fantasy and down-to-earth reality. And the installation by the graduating student Marjolijn Van den Heuvel summed up its spirit.

She was one of seven final-year designers from the Royal Academy of Fine Arts in Antwerp, which staged its annual show last weekend — and proved the importance of the college as a seedbed of

Far from being a fashion outpost, Belgium has been center stage ever since a group of designers known as the Antwerp Six came to prominence in the 1980s. They included Ann Demeulemeester, Martin Margiela and Dries Van Noten, who have all defined 1990s style. Their work is often dark and deconstructivist, but it uses natural, even rugged, fabrics and is based on the noble tailoring tradition and rich culture of Flanders.

imaginative shoes created by the students - squashy leather boots with open toes and shoes with heels straight as sticks - might have walked right out of the crowded 16th-century canvases.

"It's about using something natural draped or used asymmetrically. and turning it into something mysterious and dark," said Van den Heuvel, showing footwear she described as a "mix of Egon Schiele and cowboy boot" and oversize pants wrapped to the body to

create "broken lines." But don't imagine that the students study Antwerp's peasant art and pointed architecture to produce Identikit collections. Their strength is in diversity and that is the achievement of Linda Loppa, head of the fashion department

"What they have to do is to discover

ACROSS

5 Baby & affliction

1 Automobile

15 "is that ---?" ("Reality?") 16 Precollege, briefly 17 Mäntary attire

20 Reggae relative

21 Yarn maker

10 Sailing

themselves," said Loppa. "If they find their own identity — then we did a good

Her words are echoed by Walter Van Beirendonck, who is the designer behind the funky and upbeat W&LT label. He studied at the academy and has taught there for 11 years.

"I try to use my imagination and fantasy to get into their world and work with them from inside to out - and the best ones have their own style after four years of working so intensely," said Van eirendonck.

For Bernhard Willhelm, a student trees and in knitwear patterned like paw prints on snow. Modern takes on Little olean tablecloths made into tulip-shaped the newspaper story of a little old lady knitting an entire wardrobe - was ex-

ceptional in its graphic modernity. with computer-manipulated prints on a a dramatic show, as prints and colors slithered together and snake-patterned

d is based on the noble tailoring tra-tion and rich culture of Flanders.

The current graduates are children formed by the 1980s. Kris Van Assche spirit that you find in the Brueghel paint- set up a boxing installation and focused ings on exhibit in the city. In fact, the on two iconic figures of that era: Margaret Thatcher and Madonna. His clothes — showed by models with glittering boxing gloves — expressed a con-frontation between masculine and feminine as crisp tailoring fabrics were

> Loppa says that she would describe Belgian style as being about "good fab-rics and nice finish — quite flat and linear, not so much about drapes."

But it is the quality of that tailoring that distinguishes Belgian students from their international counterparts and is the basis on which recent graduates like Veronique Branquinho have managed to set and projected to open in 2000. up business. Both she and her partner, Raf Simons, are based in Antwerp, show in Paris and are making a name for themselves with the press and retailers alike.
Branquinho, who graduated in 1995,

paid tribute to Loppa, describing her as a "strong woman" and saying that she runs a very individual academy, where they want you to go deep inside yourself — and they follow and help."

Both she and Simons are also grateful

to the pioneering work done by the Antwerp Six in building good relations with local banks and manufacturers. Significantly, Belgian fashion graduates, unlike the British, are not obliged to look abroad if they want to set up their own labels.

For Olivier Theyskens, another rising young Belgian designer who dropped out of the La Cambre design school in who graduated with distinction, that in- Brussels, the Antwerp college is unique. dividuality meant capturing the spirit of Although Madonna wore a Theyskens his native Bavaria in an installation of fir dress to the Academy Awards, he has not

yet organized his manufacturing. After watching the Antwerp show, Red Riding Hood were the checked Tir- staged in the soaring, vaulted ancient stock exchange, he said: "If I'd been to skirts and diradls reworked in asym- this school where every student reaches metric tiers. The knitwear — inspired by their personal goal — maybe I would have stayed."

So what is so special about the Antwerp experience? The word the gradu-Tim Coppens's simple sportswear ates use to describe it is "discipline." "I think maybe it is realism and dislizard theme was also graphic and made cipline - being taught that self discipline is the only way to survive," said

> HAT chimes with the impression formed by Hirofumi Kurino, from Tokyo's United Ar-

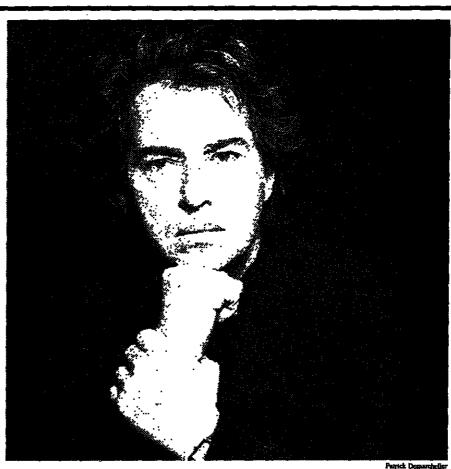
Van Assche.

rows retail group.
"For me, Belgian style is a kind of realism," he said. "There are many strong ideas, but most of the clothes on the runway are wearable — and that is a strong part of the vision. The way they are teaching and guiding is excellent. respecting freedom and individuality, but with each student really thinking

about the market." While Antwerp is on the crest of a design wave, Loppa is working on a new initiative: to create a Flanders Fashion Institute, a 5,000-square-meter building on four floors, restored by city funding

For this venture, there is a motto: "It is not sufficient to cherish creativity - it has to be structured." That sums up what is happening in Antwerp - and the lesson it can give to the wider fashion world.

In Antwerp, clockwise from top left: Coppens's graphic knit: Van den Heuvel and her gothic installation; Van Assche holding skirt, and his dress with boxing gloves; Willhelm's footprints-in-the-snow pattern, and the designer with linear sweater; established graduates: Branquinho and Van Beirendonck.



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Gilles Dufour was formerly Karl Lagerfeld's right hand at Chanel.

# France Looks to Its Own Dufour Signs On With Balmain

By Suzy Menkes nional Herald Tribune

ARIS - Are French designers recently overshadowed by the arrival of English and American talents about to regain the spotlight?

Gilles Dufour, former right hand of Karl Lagerfeld at Chanel, was appointed last week to the house of Balmain, where he will show his first ready-to-wear collection in March 1999 and give a coherent, luxury image to Balmain's worldwide licensed products.

Although Oscar de la Renta will continue to design the couture collections (which have been a critical and client success story) the arrival of Dufour is significant because he is an experienced designer, steeped in French culture, who is replacing a newgeneration flop.

Andrew Gn, a Singapore-born designer, with a sleek, modern style for his own label, failed to convince press or buyers in his first show for Balmain last season and was dismissed. Significantly too, Dufour will ap-ply his talents full-time to the house, re-inforcing the current feeling that the era of the itinerant fashion mercenary is ending.

"I am happy to be a French designer at a French house and I envisage doing fashion that is wearable and à la française," said Dufour. "Balmain was associated with 'Jolie Madame.' But I want to do something that is younger, sporty and sophisticated."

Dufour, who has designed costumes for Twyla Tharp ballets and says that his fashion heroine is the witty 1930s designer Elsa Schiaparelli, paid tribute to de la Renta for waking up the "Sleeping Beauty" Balmain. He also said that although he loved working with Lagerfeld and helping to build the success of Chanel, he was looking

forward to doing his own thing.
"I picked Gilles because of his great experience with Chanel, because his work is classical in a modern way and because I need someone who is French, lives in Paris and can concentrate on Balmain," Georgina Brandolini, Balmain's managing di-

rector, said Monday.

After the Anglo-Saxon designer hordes have swept through Paris, there are signs that France is looking to its own. Gilles Rosier, who already designs the Lacoste brand, has taken a senior design position at Kenzo. Michele and Olivier Chatenet, who form the design team Mariot Chanet, have been absorbed into Eres, the swimwear company

that was bought last year by Chanel.

Although the July couture calendar will include the Italians Valentino and Donatella Versace (showing her first high-fashion collection), French fashion's ruling body has invited Christophe Rouxel to join. a 33-year-old French designer who worked briefly at both Chanel and Saint Laurent And Stephane Rolland, 31, will sign his first line for Jean-Louis Schemer.

#### **CROSSWORD**

47 Leafy dish 51 Willow twig 52 One of the 22 Troutlike fish 23 Plants with Solution to Puzzle of June 22

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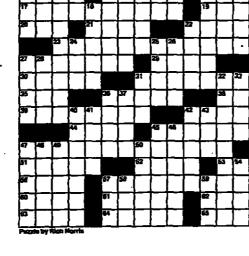
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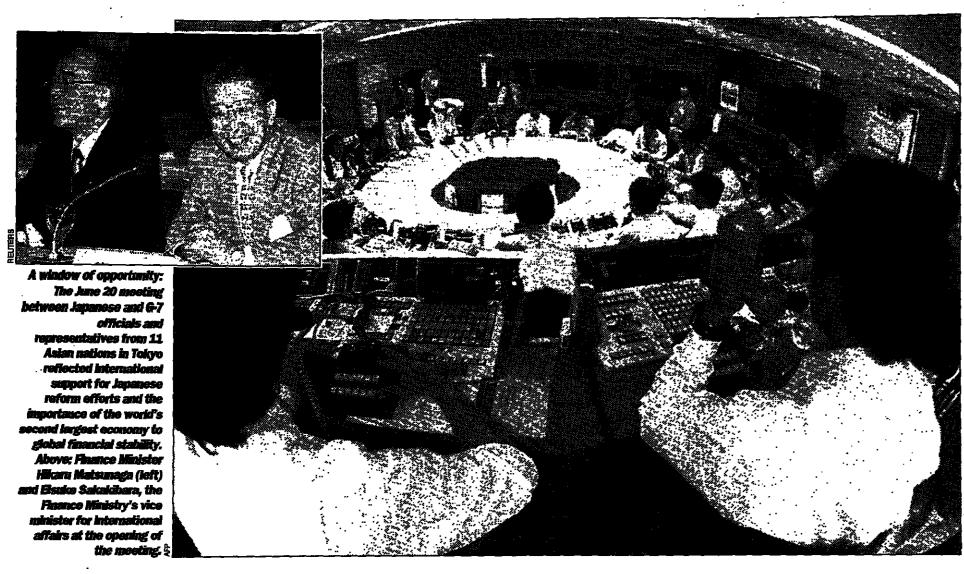
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# BUILT FOR BUSINESS: JAPAN



#### WIDE-RANGING REFORMS AIM TO JUMP-START THE ECONOMY

Tax incentives, increased liberalization and a long-term overhaul of the bureaucracy aim to attack the root of the problems.

The past two weeks act soon to restructure its ficurrency and its mar- June 20. stimulus and reform pack- kibara after the meeting. ages, the United States has firmly encouraged Japan to omy tick at a healthy pace.

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have taken Japan, its nancial system in Tokyo on banking system, weak con- in recession is seen by some on the heels of a 0.4 percent

The hope is that the country about structural reform, parcan now move forward to ticularly financial reforms, in overcome. In addition, said revive its economy after of- this country," said Vice Fi- Prime Minister Ryutaro Haficials have made firm nance Minister for Internapledges and begun enacting tional Affairs Eisuke Saka-

While G-7 members unfrom 11 Asian counties have world's second largest econ-

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sumer demand, a bleak outlated problems must be shimoto last Thursday, "Bad debts must be cleaned from

Parliament may begin actgiven its support to the Jap- derscored the opportunity ing on one means to resolving marks the first full year of trend. anese currency, and members that Japan now has to move this issue -- a "bridge bank" of the Group of Seven na- ahead, Japanese officials face that would take over the assets tions and representatives the task of making the and liabilities of failing banks - as early as this week.

[banks'] balance sheets,'

Japan's recent acknowl-

Continued problems in the edgment that its economy was 1.3 percent. This result came can still grow 1.5 percent or analysts as a positive sign that drop in the October-Decem-"We are very serious look for employment and re- the government is ready to ber quarter. Koji Omi, direc-

On June 12, Japan's Eco-

that the country's gross domestic product shrank 0.7 percent in fiscal 1997, which ended on March 31. That bilization" to reverse this economic decline (measured

tor-general of Japan's EPA., said in a recent speech that nomic Planning Agency said Japan needs to pursue sound "тастоесовотіс combined with structural re-

Long-term plans to over-

form and further financial sta-

in ven) since 1974, when the haul the country's central bueconomy contracted 0.5 per- reaucracy should help. The cent. In the last quarter of the government's 22 ministries fiscal year, the GDP declined and agencies are to be converted into one cabinet agency and 12 ministries and agencies starting in 2001. Such moves could lead to rules and regulations that stimulating job creation.

Strong fundamentals

In the short-term, the latest maybe more — analysts say; omy moving again. the size of the stimulus measures represent approximateto the Japan External Trade Organization. It includes to August," said Alexander about 4 trillion yen in tax cuts, which will have the Japan Ltd. in a recent report. general effect of making up for last year's tax increase.

The Japanese government believes that the economy

of the economy are sound.

house of Parliament - say

the underlying fundamentals

large base of accumulated as-sets. This includes roughly \$800 billion in foreign assets, for instance, and \$9.3 trillion in household financial assets. Japan also has foreign reserves of more than \$220 billion, a large and highly skilled labor force, and some of the strongest high-tech\_and industrial firms in the world. In further simplifications in the addition, the current unemthe highly to 4.3 percent.

fiscal package could poten- these fundamentals, coupled tially add 1 percent to this with short-term measures, vear's economic growth - are enough to get the econ-

'Assuming all goes well on the legislative front, ly 3 percent of Japan's gross money spent in July will domestic product, according show up only in numbers released in September relating Kinmont of Morgan Stanley Details related to the latest short-term tax cut are being

Continued on page II

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PROGRAM DIRECTOR: Bill Mahder.

# THE BIG BANG: LIBERALIZING THE FINANCIAL SECTOR

New players and foreign competition.

apan's Big Bang reforms are moving forward. But the weak state of the economy and stock markets mean their full impact may not be seen for some time.

The financial liberalization measures are designed to make the country competitive with global financial centers like New York and London by 2001.
In April, the country's foreign exchange law was changed,

and Japanese companies and consumers were allowed to handle foreign currencies freely.

We are strongly committed to promoting economic structural reform, including drastic deregulation, creating art attractive environment for venture businesses and implementing the financial reform, Big Bang," said Economic, Planning Agency Director-General Koji Omi in a recent

Japan's Parliament approved further reform measures on June 5 that may enable the island nation to achieve these,

The liberalization of investment trust funds, similar to U.S. mutual funds, is one important example. From Dec. 1, these funds can be sold by banks from existing banking facilities. In addition, a ban on derivatives trading will end at this

Another key reform concerns non-life insurance premium rates. These rates will be liberalized as of July 1. Until now,

they have been set by industry panels.

Brokers' commission fees should be fully liberalized by the end of next year.

Further reforms aim for greater disclosure of corporate management information and an improved system for registering securities firms.

A survey of nearly 1,200 small and medium-sized businesses in Osaka conducted in March by Osaka City Shinking Bank found the majority, 64 percent, favored such measures Many companies felt that disclosure by financial institutions and related measures would have a positive impact.

Another change expected to occur as a result of Japan's Big Bang is an increase in electronic commerce.

better in the fiscal year end-ing March 31, 1999. Officials The Osaka Securities Exchange is setting up an electronic transactions system that should be in full operation by the end 4 of this year. It will enable securities firms, institutional, and politicians -- many of whom are preparing for the investors and others to execute negotiations for over-the July 12 election of the upper counter stocks by computer.

Japanese software distributor SoftBank Corp. intends to sell securities on-line starting next year through a joint the economy are sound. venture with E\*Trade Group Inc., a U.S. Internet brokerage They point to the country's company. SoftBank recently bought MAC, a Japanese asset T management firm.

An improved environment for foreign investors is also expected. The Japanese government is considering the controversial move of abolishing the withholding tax paid by non-residents on income from Japanese securities. This could produce a positive jolt to Japan's government bond market. A related change is the expanding role of foreign financial

Merrill Lynch & Co. made quite a splash several months ago by taking over some of the retail brokerage assets — and employees — of the defunct Yamaichi Securities Co. And Goldman, Sachs & Co. has announced plans to work with ployment rate of 4.1 percent, Fuji Bank Ltd. to distribute mutual funds in Japan.

businesses — especially though a record high for Jastart-ups — must deal with, pan, is still very low by world acquiring a 25 percent stake in Nikko Securities Co., one of standards — lower even than Japan's three largest brokerage firms. If it is approved, the the highly touted U.S. rate of joint venture, to be named Nikko Solomon Smith Barney, would have 150 retail outlets, a figure the partners intend to But only time will tell if double over the next few years. In another important alliance, less fundamentals, coupled Chuo Trust & Banking Co. has taken steps to team up with HSBC Holdings Plc., the UK-based financial group, to provide asset-management services and sell investment trusts in Japan.

Ventures involving foreign financial firms could face some large Japanese competitors. Nomura Securities and the Industrial Bank of Japan, for instance, have moved to form a strategic partnership, a deal that could link the country's top<sup>17</sup> two pension management firms.

Better regulation

Better regulation of Japan's financial system should also" result as reforms continue. The Bank of Japan gained in 27 dependent control over the country's monetary policy only. April 1, and interest rates are now being directed by a new nine-member policy board.

Still in the works is an independent Finance Supervisor Agency to be set up in late June. This agency will assume the oversight role previously played by the Ministry of Fi-

The field of securitization — the packaging and selling of assets - should continue to expand. Orix Corp., one of Japan's biggest leasing companies, has been actively buying and selling leased assets, for instance. And many foreign and selling leased assets, to matter financial firms are aggressively moving into this growing JPL

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#### SPONSORED SECTION

# BUILT FOR BUSINESS: JAPAN

#### GLOBAL VENTURES LAY GROUNDWORK For Growth

High tech is basis for international partnerships.

vestments and face-toface interchanges, Japanese companies and organizations are forming strategic linkups and reworking their overseas operations.

The expectation is that globai ventures can help them better exploit strong speeds. markets for certain products and services today and position them for future growth worldwide.

In the high-tech area, Victor Co. of Japan Ltd. (JVC) recently struck a deal with MGI — in cooperation with Films Co. and Canon Inc. in recent months.

By using the Canadian company's technology, JVC is able to enrich the photo quality of images being personal computers and the internet, MGI says. The techthe resolution of full motion video and still images captured on camcorders and downloaded onto com- and Mitsubishi Electric

Matsushita's Panasonic Computer Peripheral Co. and several other multinational computer makers licensed ogy from a division of East- Mozambique. man Kodak Co. in March. The technology controls the ect, in which Mitsubishi quality of color that is down- plans to hold a 25 percent loaded, displayed on a mon- equity stake, is valued at itor and shipped out or prin-nearly \$1.2 billion and ted - allowing uniform should have an annual caimages to appear in different pacity of 250,000 tons a year

computer media. In the semiconductor field,

hrough high-tech part- some Japanese electronics nerships, financial in- firms are incorporating highbandwidth semiconductorinterface technology made by Rambus Inc. of Mountain View, California. The technology transfers data between semiconductor chips imbedded in consumer and multimedia products at high

Satellite networks

Electronics maker Sharp Corp. began participating in SkyBridge, a satellite network program led by France's Alcatel Alsthom, MGI Software Corp. of last year and continues to Toronto, Ontario to bundle work with members of the MGI's technology into its SkyBridge Limited Partnernew line of digital camcord- ship. Sharp's efforts focus on ers and digital video printers. developing interfaces, broadcast communication ad-Mitsui & Co. - has struck apters, terminal components similar agreements with Fuji and solar cells for satellites and multimedia equipment that support the full-scale operation of the network.

The network is slated to begin operation in late 2001 and aims to enable two-way stored and manipulated on multimedia communications worldwide by linking 80 low-earth orbiting satellites nology is meant to improve with high-speed ground communications systems. Other Japanese partners in the project are Toshiba Corp. Corp.

In a more down-to-earth venture, Mitsubishi Corp. is making alive. working with Billiton Plc of the United Kingdom on a color-management technol- large aluminum project in

> The Mazal smelter proj as early as 2001. On the entertainment

#### THE RIPPLE EFFECT

When the yen is weaker, it affects the economies at home and abroad:

Japan's exports become cheaper in the United States and Europe. Investing in Japan becomes less expensive.

Traveling to Japan as a tourist becomes a better value. Other Asian currencies come under pressure.

Feb. 1998

■ Japan's stock markets, as well as markets in neighboring Asian countries, are affected

■ Goods imported to Japan from the United States and Europe become more expensive. 125 130 135 Yen per dollar 140

March 1998

partners.

itors.

\$5.137 trillion

- 0.1%

\$111 billion

\$443.0 billion

\$335.9 billion

April 1998 May 1998 June 1998 Source: Olsen & Associates Ltd. - Interbank Soot Rate

the participation of foreign and local merchants in and around its developing waterfront theme park in Osaka. Also in the works is a "sea 23. At the event, entrepreworld" park being built by neurs from around the world Japan's Oriental Land Co. in will present their ideas to po-

Disney Corp.

145

150

International forums To ensure the future of one of chine Tool Fair, or JIMTO. Japan's cultural treasures — will be held in Osaka (Oct.28 the kimono - Kyoto's to Nov. 4) at the Intex Osaka Association is sending ference will focus on ma-

silk fabrics. They hope this effort — in that borrow traditional from several foreign madesigns and themes from ki- chine tool companies and monos — will aid them in universities. They are slated

To encourage the forma- computer-aided design tech-

GDP\*

Exports

Imports

Inflation Rate

Balance of Payments

ECONOMIC INDICATORS

at current prices and exchange rates

front, Universal Studios Ja-pan continues to encourage variety of industries, the spindles. Two other global trade shows taking place in Osaka Osaka Chamber of Commerce and industry will host "Global Venture Forum '98" later this year are Techtextil in Osaka from October 22 to Asia in mid-October and

Food-Tech '98, both at Intex Osaka, in Tokyo, Auto Asia '98 cooperation with the Walt tential Japanese and other - September 18-20 at the Tokyo Big Sight exhibition Later in the month, the area — is being organized by the Tokyo International

1997

\$4.223 trillion

\$421.1 billion

\$338.7 billion

\$95 billion

1.7%

19th Japan International Ma-Trade Fair Commission and the Japan Automotive Parts tronics Show '98 will be held weavers to Lyon, France to chine tool technology for the in Chiba at Makuhari Meese study software used to next century and hopes to from Oct. 6 to 10. design, color and manipulate attract at least 500,000 vis-In a graphic demonstration

of Japan's participation in As part of the event, the and support for one of this addition to the production of Eighth International Ma-summer's most important new apparel items, home fur- chine Tool Engineers Con- global events, the World Cup nishings and related products ference will present speakers soccer tournament, All Nippon Airways Co. painted two of its Boeing 747s with the words "Goal! Goal! Goal!" keeping the art of kimono- to discuss issues such as and introduced extra flights making machine tools with between Japan and France.

1998\*\*

\$99 billion

0.9%

N/A

N/A

Source: International Monetary Fund, 5/98

\$4.223 trillion

#### Telecoms: Competition BENEFITS CUSTOMERS

مكذا من الاحل

Japan complies with World Trade Organization global telecoms accords.

two decades, but consumers in Japan have only recently been able to benefit from increased competition in the telecommunications sector.

The proliferation of call-back services and Internet telephony firms has sent costs turnbling to the point where some residents of Hokkaido, Japan's northern main island, are anywhere in the world! USA 22 yen a new form, under a holding company. minute!" scream ads in the local press.

Nippon Telegraph and Telephone Corp., the national operator and the world's largest competition - and the prospect of politically mandated reform — by slashing domestic few months, according to Mr. Ota. long-distance prices.

"NTT is now the price leader in the [do- New players mestic) long-distance market, but nobody can make money in this area," says Merrill Lynch analyst Kiyohisa Ota, "Money can, however, be made in the local and mobile sectors, and NTT holds a 99.7 percent share of the local market."

mobile arm of NTT, leads the domestic mar-ket, with 16.67 million subscribers recorded in Is the application is approved, British Tele-& Accessories Aftermarket ket, with 16.67 million subscribers recorded in Nishijin Textile Industrial exhibition center. The con- Federation. The Japan Elec- January 1998 and a network that covers 98 percent of the population. It is also a key international player in the development of cutting-edge third-generation mobile technology known as Wideband CDMA (W-CDMA), set to be launched in 2000.

Scrapping restrictions

Although NTT is rumored to be planning to to paying the much-resented initial subscription fee of 72,000 yen (\$520).

Back in the good/bad old days of the highflying yen, a phone line cost the equivalent of up to \$900. By the end of this year, however, new subscribers will reportedly be able to avoid the subscription fee altogether by paying a monthly charge of around \$4.

The increase in competition in the Japanese telecommunications market is due in large part to the fact that Japan last year agreed to scrap its restrictions on the resale of spare capacity on international lines. This was in line with the global telecom accord restriction on foreign equity ownership in next year.

The costs of voice and data commu- NTT or international carrier KDD. "The nications have plunged over the last Japanese government considers the NTT matter one of reciprocity," says Mr. Ota, explaining that until the United States relaxes its restrictions on foreign equity holdings in U.S. mobile companies, Japan will continue

to move slowly on reforming NTT. Although the Ministry of Posts and Telecommunications declined to comment on the likelihood of an AT&T-style breakup of NTT, using U.S. call-back connections to dial the telecom giant is expected to be split up Tokyo on a regular basis. "No charge for next year into a number of businesses. These uncompleted calls! No connection fees! Call units, however, are expected to be joined in a

Critics say the ministry capitulated to NTT's demand that it not be broken into too many competing companies. The 20-pertelecoms company, has responded to this cent-maximum foreign equity restriction for KDD, however, could be lifted in the next

Foreign telecoms companies are also entering the Japanese market. In March, World-Com Inc., the fourth-largest U.S. long-distance carrier, won a license to provide international phone service in Japan.

In early June, British Telecommunications In the mobile arena, NTT DoCoMo, the applied for a license to provide phone service

com will start offering international phone service in January 1999 through a joint venture with a Japanese trading firm, Marubeni Corp. The BT-Marubeni venture plans to build a fiber-optic network in Tokyo next year, giving it direct access to Japanese customers. Calls will be connected to British Telecom's worldwide network via a network owned by NTT. The company is already raise its basic charges, it has also decided to offering international and domestic service in provide new subscribers with an alternative Japan by leasing facilities from other car-

To avoid the relatively high cost of voice communications, many foreign businesses in Japan are relying increasingly on e-mail to stay in contact with coworkers overseas. Converse Japan President William R. Hayes says his branch office, which services Japan and South Korea, keeps in touch with other Converse offices over the internet.

Internet service providers in Japan have no choice but to rent circuits from NTT - a fact not lost on the telecom giant.

NTT's success in capitalizing on the growth of Internet access can be seen in the reached by 68 members of the World Trade firm's number of ISDN subscribers. Their Organization. But Japan refused to lift the ranks are expected to top 4 million by early Greg Wiegand

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ness publisher.

Publications.

# DRIVING ENVIRONMENT-FRIENDLY CARS

Japan leads the world in producing clean-running automobiles.

s part of a worldwide effort to

dioxide and other toxic emissions generated by the vehicle's engine are well below that of traditional gas-powered cars. The car uses electricity at low speeds and gas at high speeds.

The Japanese have been eagerly buy-

The company's electric sport-utility Standard system Toyota Motor Corp. is one of the vehicle, the RAV4-EV, is proving pop-leaders in this effort. Its hybrid car, the ular in New York City, where local Prius, is powered by both an electric authorities recently leased 37 of the motor and a gasoline engine and gets 66 vehicles for city agencies. Other ormiles to the gallon. Levels of carbon ganizations in the area are already using 20 of them through leasing arrangements. The RAV4-EV can travel up to 120 miles on a single charge at speeds of up to 78 miles per hour. More than 360 have been ordered.

Later this year, Toyota intends to sell reason is its low sticker price — roughly ural-gas-powered Carnrys. These vehicles produce cleaner exhaust than

1996

\$66 billion

\*\* estimates

0.1%

\$4.595 trillion

\$411.2 billion

\$349.5 billion

Toyota is working with General Motors Corp. of the U.S. to develop a new inductive charging system for electric vehicles. The project's objective, outlined on June 1, is to introduce a standard charging system that can be used by consumers worldwide. At present, there are two different

charging systems for EVs. One is an inductive system used on the GM electric pickup truck and the Nissan Altra EV, and the other is a conductive system for Toyota's RAV4-EV and electric cars made by other auto manufacturers.

Mitsubishi Motors Corp. recently developed two small direct injection diesel engines that cut down on the amount of petroleum used by and emissions generated by traditional gas-powered

to go on sale in Japan next year.

The company launched its GDI engine, which injects gasoline directly into the cylinders of a car, in its Galant/ Legnum series in 1996. Roughly 200,000 cars with GDI engines had been ordered as of February, including the GDI-powered Carisma -- which was rolled out in Europe in October of

cordance with the Kyoto Dec-- that promise to pollute less while Europe by the end of 2000. using less fuel.

reduce global warming in ac- ing Prius and its hybrid technology. One a limited number of compressed-natlaration, Japanese carmakers are rolling \$15,500. Toyota intends to export the vehicles produc out vehicles—both at home and abroad car to the United States and probably traditional cars.

#### JAPAN ON-LINE

- www.japantimes.co.jp The Japan Times' newspaper site includes a weekly news roundup and details on festivals, museums and galleries in and around Tokyo and Osaka.
- www.jetro.go.jp The Web page of the Japan External Trade Organization contains facts and figures and links with other information-packed sites.
- www.jnto.go.jp The Japan National Tourist Organization offers maps, travel hints, news and events calendars. • www.epa.go.jp Japan's Economic Planning Agency site includes in-
- formation on the Japanese economy and useful links. • www.nikkel.co.jp The Nikkei Net focuses on economic and financial
- www.yomiuri.co.jp The Daily Yomiuri newspaper gives viewers the latest national news and has an arts and entertainment guide.

As part of its environmental strategy,

Plans call for the engine to be in-troduced in a sport-utility vehicle slated

## IMPLEMENTING ECONOMIC REFORMS

Continued from page i

worked out. At the same time, the Tax Reform Council is examining a broader, long-term reform of Japan's tax system. "The key issue," Mr. Kinmont adds, "will be whether changes in the tax system are important enough to affect the happen is difficult. With using unemployment and falling wage structure of economic incentives."

Reform in some fields — air transport, energy, electronic commerce, finance, telecommunications and other services may lead to additional liberalization. In addition to increasing competition in the financial sector, the Japanese country resolve its bad-debt problem. The problem loans are estimated at more than 75 trillion yen (\$550 billion).

In the energy sector, Japanese companies may soon be able to buy power from independent producers. These organizations plan to price their electricity at least 20 percent ternational Trade and Industry announced plans to abolish however, aren't expected to take effect until 2001. Ne- means of jump-starting the economy, Janet Purdy Levaux

gotiations between Japanese and American officials appear to have laid the groundwork for generally unrestricted electronic commerce and information flows.

This could be good news for Japanese consumers, once their level of confidence improves. Predicting when that may owth, disposable income could decline about 1.2 percent in fiscal 1998, reports Morgan Stanley's Robert Feldman. The good economic news for some Japanese companies

has been that consumers overseas - mainly in the Americas and Europe - continue to believe their products are worth increasing competition in the financial sector, the Japanese buying. Toyota Motor Corp.'s exports grew by 11 percent in government is considering tax incentives that may help the government is considering tax incentives that may help the April, Honda Motor Co.'s by 8.3 percent and Mazda Motor Corp.'s by 10.2 percent, according to the Japan Automobile Manufacturers Association in Washington, D.C. Faced with weak demand at home, Japan's carmakers are working to add efficiency and increase sales by borrowing some techniques below rates charged by regional electricity entities once new from foreign automakers. Toyota intends to set up a network rules are enacted. In early June, Japan's Ministry of Inprice controls on petroleum products and rules governing oil home visits by salesman. For the nation as a whole, the refinery construction. The recommended measures, pressure is on the government to further deregulate as a

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### Cracking **Defenses of Smart Cards**

Code Breaker Throws Doubt on Their Security

By Peter Wayner

NEW YORK - To the companies in the smart-card business, Paul Kocher may be too smart for their own good.

For the last year, Mr. Kocher's fourperson consulting firm in San Francisco has kept big credit-card companies and banks on edge by sharing details of his discovery of a way to break into the newest version of the smart card.

The cards are credit-card-size devices

that contain a tiny computer chip and can be used for a variety of purposes including storing so-called digital cash.

Although Mr. Kocher's intent has been to warn the industry and sell it possible solutions, his expertise - in the hands of thieves, counterfeiters or impostors - could compromise the security safeguards of smart cards, which are coming into widespread use in the United States and Europe.

The cards are at the center of the plans by the banking and credit-card industries to cut costs and improve customer convenience by replacing conventional magnetic-stripe cards with ones that not only can act as a debit or automatedteller-machine card but can also be loaded with digital cash that would function as legal tender wherever merchants have digital-cash decoder ter-- minals

Public confidence in the technology will be crucial to the industry's plans. And that may help explain why, since word leaked of Mr. Kocher's break-in methods two weeks ago, the industries promoting smart cards have tended to play down his technique by calling it a laboratory attack" that could be replicated by perhaps a handful of people around the world.

"Chip cards are the most secure techhology around," said Steve Schapp, the executive vice president of Visa International in charge of developing smart cards. "They are very hard to break

Mr. Kocher likes to remind the industry, however, "We have not yet en-



Paul Kocher holding a smart card and a reader used to decipher codes.

countered a card that couldn't be

Mr. Kocher and his colleagues were able to crack the digital code designed to make the smart cards tamperproof by drawing mathematical inferences from the fluctuating electrical power con-sumption of the chip.

It is a sophisticated type of analysis, but the rudimentary "laboratory" — in this case a three-room office suite, some garden-variety personal computers and several thousand dollars' worth of electronics equipment — indicates that it does not require elaborate tools to crack

what is supposed to be a highly secure digital safe.

As details of the technique circulate, as they invariably do in the hacker underground, imitators will almost certainly try to duplicate Mr. Kocher's experiment. For his part, Mr. Kocher, who at 25 is already a well-known expert in code breaking, said, "As the expertise becomes more widely available, the threats will become more than

Peter Neumann, a computer scientist

See SMART, Page 20

#### Tokyo Rushes to Offer Bank Plan

But Skeptical Markets Punish Yen on Lack of a Concrete Strategy

By Sandra Sugawara
Washington Post Service

TOKYO — Japanese of-ficials scrambled Monday to try to put together a credible plan for closing or merging weak banks before its currency begins collapsing again. But the yen edged downward on skepticism over the ability of Japan to stabilize its banking system.

The dollar was changing hands at 138.06 yea at 4 P.M. on Monday in New York, compared with 136,050 at the market close on Friday. Traders warned that Japan, the world's second largest economy, must move quickly to pull itself out of its recession, particularly with anxieties growing over the stability of Long Term Credit Bank of Japan, one of the country's major banks.

The secretary-general of the govern-ing Liberal Democratic Party, Koichi Kato, said after an emergency meeting with Prime Minister Ryutaro Hashimoto that by July 8 the party would release the outlines of a plan to create a "bridge bank." News reports say that the "bridge bank" would probably take on the bad debts of ailing institutions and provide loans to other borrowers if their



Charlene Barshefsky meets Mitsuo Horiuchi. Page 20.

The deadline means a plan would be announced before the July 12 upperhouse elections, and Mr. Kato hinted that many details would probably come out at a July 2 policy-planning meeting. Some traders were also hoping for more details at a meeting Tuesday of a government committee that is working on other proposals for banking reform.

But because of conflicting statements from the governing party and in media reports about the bridge bank plan, investors remained wary.

"If you look at what the currency has done, it doesn't appear to have given a very great vote of confidence in the government's ability to carry this out," said Kathy Matsui, a Tokyo-based strategist at Goldman, Sachs. The big question is, does the government have much time,

Indeed, shares of Long Term Credit Bank of Japan plummeted 44.6 percent, to a record low of 62 yen on Mon-day, as waves of sell orders hit the stock, traders said. Long Term Credit Bank has been the subject of numerous market rumors, many denied, that are threatening the bank's ability to raise funds,

analysts said. "The danger is this be-comes a self-fulfilling prophecy," said Brian Waterhouse, a banking analyst at HSBC Securities.

Mr. Hashimoto told a senior Liberal Democratic Party official, Taku Yamasaki, in a meeting Monday, that he was "worried about LTCB as the markets are increasingly downgrading their assessment of the bank," the Kyodo news service reported. Mr. Hashimoto asked Mr. Yamasaki to find ways to help the bank regain market confidence.

See YEN, Page 20

# Italy's GDP Shrinks as Asia Woes Bite

ROME — Italy's economy unexpectedly shrank in the first quarter as Asia's economic slump knocked back Italian exports to the region and a cut in statesponsored car incentives slowed factory output at home, official data showed Monday.

The economy — the third-largest of the 11 nations adopting the European single currency, or euro - contracted 0.1 percent, its first quarterly drop since the end of 1996. Gross domestic product grew 2.5 percent from a year before, flattered by the comparison with the year-earlier period, when the economy

barely grew. Tumbling currencies and economies

in Asia have eroded shoppers' appetite for Italian-made goods, notably clothing, while the trimming of car incentives has pounded industrial output. That suggests that Italy, unlike its other leading euro partners France and Germany, will be less of an engine behind European

economic growth this year.
"The economy is still pretty contradictory," said Giovanni Cianci, chief executive of Stefanel SpA, a Trevisobased retailer and designer of clothing. "On the one hand, there are signs of a rebound, but in the clothing sector, for example, it is not yet very clear-cut."

The contracting economy could help quell the central bank's inflationary concerns and lead it to cut its floor rate, now at 5 percent. That would speed up the process of interest-rate realignment in the 11 euro states, which currently have disparate rates, with Italy's among

Growth in the quarter was held back by a 0.6 percent decline in industry's contribution to GDP, data from the statistics office Istat showed. Excluding energy, industry contributed 0.8 percent less than in the preceding quarter.

Also limiting expansion were exports, which dropped 1.6 percent from the fourth quarter of 1997, and household spending, which was unchanged in the month. Growth was further slowed by a 1.6 percent rise in imports of goods and services in the quarter.

#### **Thinking Ahead** /Commentary

# **EU's Chance to Take a Step Forward**

By Reginald Dale

**TASHINGTON** — In its Europe used to be compared to a ceremonial procession in the an issue to revive his shattered politsmall town of Echternach in Luxembourg, in which dancers traditionally take one step back for every two steps

Not much seems to have changed. euro, starting next January — the biggest step toward closer economic and political integration in the past 40 years — the leaders of the European Union appear to be getting cold feet.

From a summit meeting in Cardiff, Wales, last week, they sent the seemingly contradictory message that EU decision-making has become too centralized, and that some decisions should be restored to national, regional or even local authorities. The idea will be taken further at a special summit meeting planned for Austria in Oc-

The ringleaders in this apparent attempt to roll back the process of integration were the two most powerful countries, Germany and France, aided and abetted by a Britain that has always bitterly resisted the idea of a "European superstate." But the

Chirac, who is desperately seeking prevail.

ical fortunes. accurate accusations that the European

But the review of decision-making institutions are so unpopular and to assess where the EU should be going as it introduces the euro and begins negotiations to expand the union for the first time into the territory of the former members.

In the end, concernic and political

Warsaw Pact. coming years the euro and the new European Central Bank will come the European people. If — admit-under heavy political attack as a single short-term interest rate de-forthcoming reappraisal is a set of presses some areas and over-inflates

institutions, they will have made it far ward but several steps forward. more difficult for the institutions to outcome may not be the one they withstand those attacks and uphold the single currency.

It could be that all we are seeing is If on the other hand the leaders add a blatantly populist appeal to voters rationality and flexibility to the in-in Germany by Chancellor Helmut stitutions, together with greater demo-kohl, to boost his doubtful chances cratic accountability, they will make it early days, the postwar in September's national elections, easier for the currency and the further drive to create a united and in France by President Jacques integration it will inevitably bring to

There is no contradiction in transferring more sovereignty to Brussels If that is what the two men hope to and Frankfurt by creating the euro and achieve by their cheap and often in-returning control to member states over other issues that affect daily life in a Commission is meddling unnecessar- more local way. When the U.S. Con-With the ink hardly dry on their ily in national affairs, then they are not gress shifts power over policies like pledge to create a single currency, the exercising leadership but abdicating welfare reform to the states, it does not

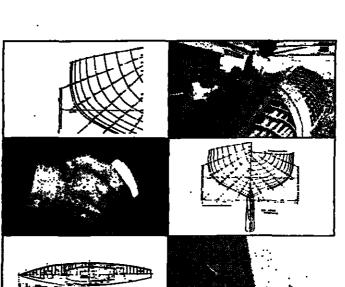
endanger the dollar. But there is a paradox. Those who could actually be favorable for Euro- want to weaken the central institutions pean integration if it leads to a serious may in fact find that the institutions attempt to identify why the European emerge strengthened from the process

In the end, economic and political There is little doubt that in the integration will only endure if it is built on the broad-based consent of institutions that are more democratic, thers. more efficient and less prone to un-If all the leaders have done is to necessary regulation, then the EU nourish resentment against the central will have taken not one step back-

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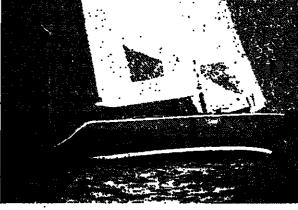
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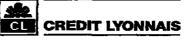
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# Investor's America

# IBM Cellular Chip Aims to Ring In a New Telecom Era :

By John Markoff New York Times Service

NEW YORK - Without fanfare but with potentially far-reaching significance for the semiconductor industry, International Business Machines Corp. has begun the industry's first large-scale production of a type of chip that may reduce prices and improve performance and portability for cellular phones and other wireless communications devices.

The chips are based on technology developed by IBM in the early electronics of a cellular 1980s for mainframe computers and phone on a single chip. redirected toward consumer ductor of electricity that it may reduce the power consumption of portable devices as much as 50 per-

relatively easy for chipmakers to traffic. work with and is well suited to the "IB" electronics of high-frequency radio ogies that will allow it to pounce on

communications, enabled IBM en-gineers to combine wireless com-munications components and silic-Technologies Inc. of San Jose, Cali-it was not yet ready to identify.

Although IBM declined to dis-cuss pricing for the new chips, inon digital transistors on a single

the size and complexity of those products. In-

dustry experts say it may eventually be possible to create the entire

Other applications may include products. It combines the standard home receivers for direct-broadcast silicon used throughout the chip in- satellite television and various kinds dustry with germanium, a metallic of portable devices for wireless con-element that is so efficient a con-nections to the Internet. Many analysts also expect silicon germanium chips, because of their high-speed ortable devices as much as 50 per-ent. processing ability, to play a key role in future network-switching equip-ment for routing all sorts of Internet

'IBM is assembling the technol-

fornia, a market research firm.

Chip.

The components market into might sell for \$1

By consolidating equipment and which IBM will be selling the chips cluster of compone capabilities that typically require is now estimated at \$540 million a as much as \$100. several chips or components, year, but the company predicted that The higher-performance, lowermakers of cellular telephones and its own piece of the market would priced chips may also pave the way other consumer products can reduce exceed \$1 billion annually within for "soft radios," the industry's

> All the electronics of a cellular phone may one day be able to fit on a single chip.

> > chips, which the company began at least, could be used in any region producing in large quantities last of the world. week at an updated plant in Burlington, Vermont, are Hughes Electronics Corp., Harris Semiconductor Corp., National Semiconductor Corp., Northern Telecom Ltd. and Tektronix Inc. All five companies bave also licensed IBM's technology to incorporate into their own product designs. IBM said it had two dozen additional customers, which

dustry analysts estimated that it The components market into might sell for \$10 and replace a that are based on germanium involve which IBM will be selling the chips cluster of components now costing

emerging term for a new type of cellular phone that could use software to conform automatically whatever format and

frequency the local cellular system Initial customers for the IBM employed. Such a phone, in theory

"This is the Holy Grail for the cellular telephone industry," said Lawrence Larson, a professor of electrical engineering at the University of California at San Diego.

Further in the future may lie more speculative but potentially vast markets for applications like collision-

single chip.

IBM executives say that as many as 50 other companies are pursuing similar technology, but industry analysts agree that IBM has taken a clear lead in silicon germanium chips. \

"They've found their way around a lot of obstacles," said Fred Zieber, president of Pathfinder Research Inc., avoidance radar for automobiles.
Such systems, long considered image a market research firm in San Jose.

practical because of cost, may be

within the reach of inexpensive sil-

analog technology — meaning that they convert sound, light or physical

motion into electrical patterns ana-

Analog chips are required in di-gital devices like cellular phones to convert the human voice into an

electronic signal that a digital chip

can translate into the binary-code

data of ones and zeroes used an

modern communications networks.

IBM's breakthrough involved, in

essence, combining the germanium

analog conversion device with stan-

dard silicon digital transistors on a

logous to the original source.

The components of the IBM chip

icon-germanium-based devices. -

#### Very briefly:

 Merrill Lynch & Co. agreed to buy Midland Walwyn Inc. Canada's last major independent brokerage, for stock valued at about 1.26 billion Canadian dollars (\$856 million).

 Chancellor Media Corp., owner of 108 radio stations, is to buy Martin Media LP, a privately held owner of more than 13,000 billboards, for about \$610 million in cash.

• Bertelsmann AG, Germany's largest media company, bought an "influential" stake in California-based Nuvo-Media Inc., which is developing technology to let people download books from the Internet to a hand-held device.

• Gtech Holdings Corp., the world's largest supplier of computer equipment to run lotteries, said it may become private, diversify or buy back shares in order to improve its

• The Learning Company Inc., the educational and entertainment computer software maker, is to buy Broderbund Software Inc. for about \$420 million in stock.

• America Online Inc. has won a U.S. Supreme Court fight to kill a defamation lawsuit over comments posted by a subscriber to the company's on-line service. Bloomberg, AP, Reuters

#### **Weekend Box Office**

LOS ANGELES -- "The X-Files" dominated the U.S. box office over the weekend, with a gross of \$31 million. Following are the Top 10 moneymakers, based on Saturday's ticket sales and estimated sales for Sunday.

T. The X-Files	(Twentieth Century-Fax)	\$31.0 million
2. Mulan	(Wolf Disney)	\$23.0 million
3. The Trumon Show	Paunout	\$12.4 million
4. Six Days Seven Niights	(Touchstone Pictures)	\$70.5 militor
5. A Perfect Murder	(Womer Bros.)	\$7.3 million
6. Coa't Hardly Walt	(Columbia Pictures)	\$4.0 million
7. Hope Floats	(Twentieth Contuny-Foot)	\$3.2 million
8. Godzūla	(Tristor)	S2.8 million
9. Deep Impact	(Dreamifibilis Pictures)	\$2.73 million
10. The Home Whispeer	(Touchsione Pictures)	S2.7 million

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			.66	÷ 15.
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105.84	+ 1.5	7 +0	.82	+ 5.
35.94	- 20	9 — 1	.51	+ 10.
44.16	- 3.2	8 —2	22	<b>— 3.</b>
01.09	1.8	4 — 0	1.91	+ 20.
200.76	0.8	9 0	.44	+ 15.
68.65	0.4	9 — 0	.29	+ 1.
	29.23 05.84 35.94 44.16 01.09 00.76 68.65 ittune ii	29 23 0.6 05.84 + 1.6 35.94 2.0 44.16 3.2 01.09 1.8 00.76 0.8 68.65 0.4 intune World Stock in	29 23	29 23 - 0.61 - 0.27 05.84 + 1.67 + 0.82 35.94 - 2.09 - 1.51 44.16 - 3.28 - 2.22 01.09 - 1.84 - 0.91 00.76 - 0.89 - 0.44 68.65 - 0.49 - 0.29 Insure World Stock Index © tracks the U.S.

#### **AMEX**

Konday's 4 P.M. Close The 200 most incided stocks of the day, up to the closing on Wall Street.

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#### Technology Sector Rallies, **But Stocks Finish Mixed**

Compiled by Our Staff From Disputches NEW YORK - Stocks ended and a rally in the technology sector helped lift the market.

Intel led a rally in computer shares on speculation that the world's largest computer chipmaker would not issue a warning about Internet stocks surged on specula-profit for the second quarter. Internet stocks surged on specula-tion that World Wide Web-based profit for the second quarter.

U.S. STOCKS

Technology stocks are offering

good value in the market, "It's a quiet market, but we're seeing pockets of strength," said Warren Epstein, director of trading at Richard A. Rosenblatt & Co.

some support as they come back from their oversold condition." The Dow Jones industrial average closed 1.74 points lower, at 8,711.13, wiping out a more than 50-point gain. The Standard & Poor's 500 Index rose 2.53, to

1,103.18. The Nasdaq composite index gained 24.57, to 1,805.86. Intel, which rose 3 13/16 to 73 13/ 16 pushed the Nasdaq higher, late trading. But Berkshire fell 1,000 16.

traders said. "When the company didn't preannounce the quarter mixed Monday as higher oil prices within the last few weeks, investors have come to conclude the worst is probably behind them," said analyst Mark Edelstone at Morgan Stanley Dean Witter.

America Online, Yahoo and other The financier Warren Buffett agreed to pay \$22 billion for General Re, suggesting there was still in Infoseek Corp.

America Online rose 4 11/16 to

1011/s, and Yahoo climbed 101/2 to 13934, both records. Lycos rose 4 1/4 to 6514 and Excite rose 514 to 79 1/2. Meanwhile, the acquisition by Mr. Buffett's Berkshire Hathaway Inc. and Learning Co.'s purchase of Broderbund Software Inc. bode well for the market, said Don Fredell, a managing trader at American Express Financial Advisors in Min-neapolis. "Someone feels these are worthwhile companies, and they're

General Re and Broderbund agreed to be acquired at premiums to their Friday closing prices, sending their stocks surgin General Re rose 40% to 261 in

not overpriced.

#### CompUSA Deal For Tandy Chain

The Associated Press DALLAS — The computer retailer CompUSA Inc. said Monday it would buy the Computer City retail chain from Tandy Corp. for \$275 million as demand for their products

The deal comes as Tandy works to sustain a turnaround it began last year as it refocused on its core RadioShack electronics business.

CompUSA operates 160 stores across the United States and offers its own build-to-order line of personal computers. The Computer City chain has 96 stores. A decision on possible store closings will not be made until the deal is closed.

to 79,900 after touching a record

Oil shares rose with crude oil futures. Crude gained on expecta-tions that the Organization of Petroleum Exporting Countries will agree on further output cuts when the group meets Wednesday. Exxon rose 1 5/16 to 71%, Mobil gained 23/2 to 78 5/16, the oil-field services company Schlumberger rose 1 to

June 22, 1998

#### Dollar Jumps Against Yen On G-7 Disappointment

NEW YORK -The dollar rose sharply against the yen Monday amid market disappointment that Japan did not present specific proposals for buoying its ailing banking sector at the weekend meeting of Group of Seven industrialized na-

tions in Tokyo.
"There had been expectations built up that there might be an announcement from Japan on tax cuts

#### FOREIGN EXCHANGE

or on a more concrete solution to the bad loan situation, but neither of those expectations were fulfilled so the yen is lower," said Michael Hartnet, senior international economist at Mettill Lynch.

"The yen will move lower until Japan comes through with bolder policies," Mr. Hartnet said. The dollar was quoted at 4 P.M. at

138.06 yen, up from 136.05 Friday. Finance Minister Hikaru Matsunaga told G-7 officials Japan would move ahead with the disposal of its bad loans, estimated between \$500 billion to \$600 billion. U.S. French francs, up from 5.9820 674, and Texaco rose 13/16 to 609/ officials said Mr. Matsunaga was francs. The pound was at \$1.6735,

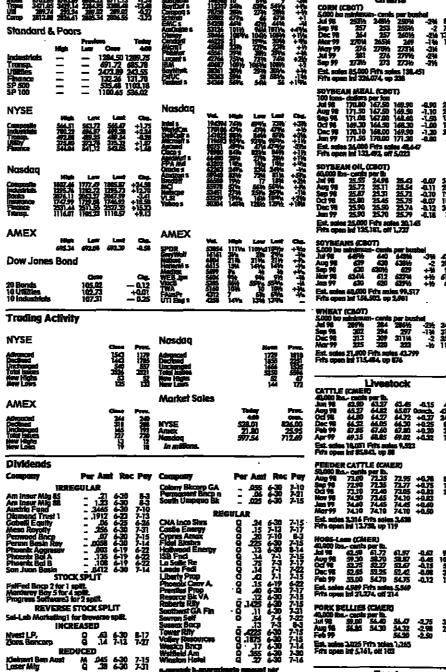
plan to reform the banking sector before Japan's parliamentary elections on July 12.

"If Japan comes up with a credible plan to resolve its banking problem and to cut taxes, the pressure on the yen will be somewhat relieved going forward," Mr. Hartnet said, The dollar climbed to 1.7940 Deutsche marks from 1.7888 DM on Friday, buoyed by fears that Russia may soon devalue its currency, the ruble. These worries stemmed from a report in a Russian paper that quoted Prime Minister Sergei Kiriyenko as saying the ruble could be devalued as 'the worst case scenario for resolving the financial crisis."

The market's worries intensified after another Russian official said a ruble devaluation was possible if Russia failed to receive emergency International Monetary Fund aid soon. Russia is seeking an additional \$10 billion to \$15 billion from the IMF, with discussions on further aid slated to begin Tuesday in Moscow.

lar was at 1.4978 Swiss francs, up from 1.4957 francs, and at 6.0150 (Bloomberg, Bridge News) committed to pushing ahead with a compared with \$1.6746 on Friday.

#### U. S. STOCK MARKET DIARY



REVERSE STOCK SPLIT

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Sep 98 94.38 94.31 94.31 Gunch.
Sep 98 94.38 94.31 94.31 Gunch.
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Commodity indexes

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#### Cornerstone To Acquire Realty Firm

... NEW YORK - Cornerstone Properties Inc. said Monday it would buy William Wilson & Associates, a aclosely held investor in West Coast nuffice buildings, for \$1.77 billion in meash, securities and assumed debt. The transaction would be Cornerristone's second largest since the comnancy, founded by Deutsche Bank niAG in the early 1980s, went public relast year. In October, it bought 10 inffice buildings from a Dutch pen-ision fund for \$1.06 billion.

Bloumberg News

The acquisition will make Cornerstone, which specializes in acquiring downtown "trophy" buildings, a major investor in the in alicon germanime dia la silicon germanime dia la silicon germanime dia la silicon germanime dia la silicon dia sil West Coast real estate market. Cornerstone will also gain Wilson's Lidevelopment expertise, property-imanagement capabilities and exten-sive West Coast contacts.

Wilson's properties are mainly in and around San Francisco, with others in Southern California, Phoenix, Salt Lake City and Seattle.

Analysts said the purchase was a smart move for Cornerstone now that office prices in many markets were being bid up to levels not seen

the highest quality office assets owned in the public sector with one of the highest quality private port-folios in the country," said Randall Hack, head of Nassau Capital LLC, na longtime Wilson investor.

Cornerstone will issue about \$635 million in shares and partnership (minits, pay \$355 million in cash and :: assume \$780 million of debt. : Cornerstone shares closed un-

changed at 30 Deutsche marks (\$16.73) in Frankfurt trading. william Wilson, who founded \*the company in 1978, will become chairman of Cornerstone.

# Alstom Shares Stay Flat in IPO Reuters PARIS — Alstom SA remained steady on the Paris Bourse on Mon-

day although the launch of Europe's largest offer of shares in a privately owned company came amid a re-newed bout of jitters about the crisis

The stock - 52 percent of Alstom's capital — was priced at 205 francs, in the middle of an expected range of 190 francs to 220 francs, and in Paris trading it stuck close to that level. It closed at 205 france in Paris 120 520 525 525 525 francs in Paris, £20.50 (\$35.69) in London and was trading at \$34.0625 late in New York.

The issue was three times oversubscribed, but French fund managers said demand was on the low side. The flotation valued the group at over 43 billion francs (\$7.16 billion), making it one of the top 30 stocks on the Paris exchange, Chairman Pierre Bilger said. With over 10 million shares traded, Alstom was the most active

stock Monday.

The stock failed to take off in a market worried that the Asia crisis would not dissipate soon. Asia, with about 20 percent of Alstom



A sign for Alstom on the London Stock Exchange on Monday.

hind Europe and the United States. Created in 1989 as a 50-50 joint venture of Alcatel SA of France and General Electric Co. of Britain, Alstom is now a French company and has changed its name from GEC Alsthom.

Alstom, which makes the highspeed TGV trains and the Eurostar train, derives most of its business from making components, systems and services for power gen-

eration and transportation.

sales, is its third-largest market be- the Asia crisis, Jim Cronin, the Alstom deputy chief executive, said, "We're concerned, but not worried. We're in infrastructure projects of power and transport."

He said that Alstom has only 3 percent of sales in the five most affected countries, and said places like China and India are almost unaffected,"

Mr. Bilger said about 30 percent of the stock floated was placed with French investors, 30 percent with American and British buyers and Asked about the consequences of 38 percent in the rest of Europe.

# since the late 1980s. "The merger of Wilson and The merger of Wilson and Comparetons will be a marriage of The marriage of The

LONDON — The U.S. electronic stock exchange Nasdaq said Monday that it was talking to other exchanges in Europe, Asia and the United States about possible strategic alliances to

increase its market share. But a Nasdaq spokesman declined to say which exchange was the most likely candidate for a link-up. A British newspaper, Sunday Business, had reported that the Ger-

man bourse and Nasdaq were ne-

gotiating to set up an electronic ex-

change to challenge London's

position as Europe's major financial

"We've been talking to exchanges in Europe, Asia and in the U.S., 'a Nasdaq spokeswoman said, but declined to elaborate further.

Asked whether Nasdaq planned to compete more intensely with London, the spokeswoman said, "The only market we are truly competing against is the New York Stock Exchange."

The NYSE is the biggest exchange in the world, followed by Nasdaq and London.

But exchanges around the world have been upgrading their trading and settlement systems and reducing costs in the hope of luring away business from other markets.

Nasdaq is in the process of finalizing a merger with two rival U.S. exchanges, the American Stock Exchange and the Philadelphia Stock Exchange.

Deutsche Boerse AG, the company that operates the Frankfurt stock exchange, declined to comment on the weekend report of talks with Nasdaq.

#### **Philips Trims** PolyGram's Sale Price

AMSTERDAM - Philips Electronics NV said Monday it had agreed to lower the price Seagram Co. will pay for PolyGram NV 10 \$10.4 billion, a discount of \$200 million from last month's agreement, after second-quarter profit

plunged at the recording company.

The agreement with the Montreal-based owner of Universal Studios values PolyGram at 115 guilders (\$57.04) a share, compared with the initial price of 117 guild-

The news dragged down all three companies' shares, with PolyGram falling 0.2 guilder to 107.8, Philips sinking 3.9 guilders to 170.1 and Seagram losing 1.20 Canadian dol-lars to 60.20 dollars (\$40.92).

Philips, which is focusing on its electronics business and seeking higher returns, said it agreed to trim the price by about 2 percent because "lower-than-expected financial results" in the second quarter.

That follows an 88 percent drop in first-quarter net income, which PolyGram blamed on a dearth of new pop hits and provisions for bad

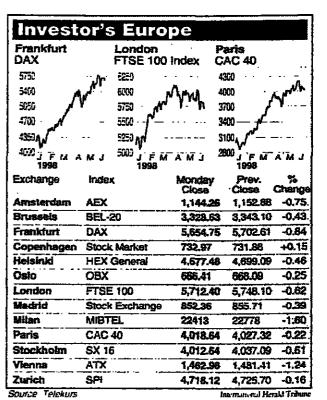
debt in Asia.
PolyGram refused to provide details on its second-quarter results before their official release in the third week of July. PolyGram has said its new music schedule is weighted toward the second half of this year.

PolyGram also announced that its chief executive officer and president, Alain Levy, had resigned, effective immediately.

PolyGram said its chief financial officer Jan Cook had been appointed chief executive for the period until PolyGram's takeover by Seagram had been completed.

PolyGram gave no reasons for the resignation. (Bloomherg, Reuters)

1.41 4.85 1.05 3.38 5.89 7.50 1.99 2.66



#### Very briefly:

chemicals unit, SKW Trostberg.

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Sydney

Tel Aviv

 Stagecoach Holdings PLC will buy a 49 percent stake in Richard Branson's Virgin Rail Group Ltd. for £138 million (\$231.1 million), giving Scotland's biggest bus company a hand in Virgin's plan to regenerate the London-Scotland train line. VIAG AG announced that its chief executive, Georg Obermeier, had decided to step down and would be replaced on July by Wilhelm Simson, currently head of VIAG's specialty

• Goldman, Sachs & Co. said its Whitehall Street Real Estate Limited Partnership IX was in talks to buy Cliveden PLC, a British hotel company that agreed to be bought last week for £42.8 million by a group including Microsoft Corp.'s chairman. Bill Gates.

• Russia said the International Monetary Fund was setting excessively stiff conditions to a multibillion-dollar package designed to underpin the ruble and stave off financial collapse. Fiat SpA forecast that its 1998 pretax profit would be "in line" with last year's earnings, which reached 4.2 million lire (\$2.38 billion). Separately, Fiat said that Cesare Romiti, its outgoing chairman, would be given a 105.6 billion lire special retirement bonus. Bloomberg, Reuters, AFP

\*WORLD STOCK MARKETS Monday, June 22 Doily prices in local currencies. AEX index: 1144.26 Previous: 1152.88 Monnespann, 166.00 166.00 166.00 166.00 166.00 116.00 114.00 114.00 114.00 114.00 114.00 114.00 114.00 114.00 114.00 114.00 114.00 114.00 114.00 114.00 114.00 114.00 114.00 115.

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#### **OIL:** Producers Not Gushing Over Price

#### Continued from Page 17

man of the Petroleum Industry Research Foundation, a research group for the oil industry based in Manhattan, who has attended OPEC meetings for the last 15

"They all realize that they are in the same boat," he said referring to such countries as Mexico and Norway. "It just as important to them to keep up oil prices."

While there were efforts in the 1980s to have non-OPEC countries cooperate in production cuts, they had only a limited effect because some countries ignored their quotas when crude oil prices began to rebound.

But Ann-Louise Hittle, the director of crude oil research at Cambridge Energy Associates, an energy consulting group based in Massachusetts, said that the OPEC and non-OPEC countries "have come up with agreements to cut which are more or less sticking."

"This seems to be lasting," she said. "This could be a historic turning

point.' Others have strong doubts. "They have to do major surgery and up to now they have been dealing with Band-Aids," said Fareed Mohamedi, the managing director of market and country analysis for the Petroleum Finance Co. Ltd., a consulting group for the oil industry in Washington. "There's not

much new that has emerged."

Mr. Mohamedi noted that even though oil exporters inside and outside OPEC agreed in late March to cut oil output by 1.7 million barrels a day, less than a million barrels were taken out of production. Thus, this latest effort to rein in oil supplies has raised skepticism.

Going into the meeting there are firm commitment from eight countries for a second round of cuts to total about 740,000 barrels a day, or about 1 percent of the 74 million barrels consumed globally each day.

There is a wide consensus among analysts and other experts that a cut of at least a million barrels a day has to emerge from the meeting to keep oil prices from sliding further.

The task was not made easier when Norway, the largest exporter in Europe. said that it would not join in another round of production cuts as it did last

OPEC has found it increasingly difficult to increase oil prices because of its internal divisions about the fairness of how much economic pain each nation should absorb in making cuts.

Some major producers, like Venezuela and Nigeria, often ignore production quotas, causing friction with other major producers and eroding the credibility of the group.

In an effort to regain some of this credibility, OPEC decided to raise its production quotas by 10 percent last November, from 25 million to 27.5 million barrels a day. That merely acknowledged how much the members were already producing.

As oil prices began to slide in the spring, Saudi Arabia and Venezuela waited for the other to act first to cut back. The standoff was broken by Mexico. Its promise to make cuts brought the two major OPEC producers together in an unusual coalition to begin a round of cuts without first getting the approval of other OPEC countries.

While some experts see this as a more-realistic approach, it has caused friction in the organization. Some members have objected that they are not being consulted and then are being asked to join an effort to cut back.

There is agreement, however, that if members do not come up with further large cuts at the meeting this week, oil prices can slide below the \$10 level.

While this will benefit countries such as Japan, the United States and those European countries that import oil, it would cause deep economic pain and more political instability among the producing countries.

As it stands today, consumers are enjoying the cheapest oil in a quarter

century. Pierre Terzian, editor of Petrostrategies, based in Paris, noted in an interview that, compared to the dollar's strength in 1973 -- the year OPEC began its ascent -- today's oil prices are

#### ■ Russia Weighs Pledge

Russia may pledge to cut oil exports for a second time this year as part of a move by OPEC members and other countries to give slumping prices a boost, the fuel and energy minister, Sergei Generalov, said Monday, Bloomberg News reported from Mos-

For the first time, Russia will send a delegation, led by Mr. Generalov, to the OPEC meeting Wednesday in Vienna. Russia is not an OPEC member.

The world's third-largest oil producer, Russia would consider further cuts because the nation's oil producers are losing money on current prices. They are about 30 percent lower than a year ago, Mr. Generalov said.

Oil accounts for half of Russia's hard currency revenue and oil export revenue fell almost a quarter in the first four months of 1998.

"Taking into consideration the present catastrophic situation with oil prices, we will have to agree, somehow" to reduce exports at the OPEC meeting, Mr. Generalov said.

He did not specify the amount of possible cuts, although any reduction will be in exports, not actual produc-

The cuts that Russia said it was considering were in addition to its pledge to cut daily exports by 63,000 barrels, starting July 1.

In April, the country joined 16 other nations, including 10 from OPEC, attempting to ease a world supply glut.



Masaharu Hino, head of the Financial Supervisory Agency, said Monday he had not yet set priorities.

#### YEN: Tokyo Rushes on Bank Plan but Markets Punish the Yen Continued from Page 17

The Bank of Japan is prepared to support Long Term Credit Bank if it runs into funding problems, analysts said, but that is only a short-term solution. Banking sources said this weekend that Long Term Credit Bank had been searching for merger partners. But those talks do not appear to be moving

smoothly, according to analysts. The Nihon Keizai Shimbun, Japan's largest financial newspaper, reported Monday that a rescue plan under con-sideration would require the bank to divide its loans into three categories: unrecoverable, difficult to recover and recoverable. The recoverable loans would be sold or transferred to another bank, which might receive an injection of government funds. The unrecoverable loans would go to the Deposit Insurance Corp. The difficult-to-

recover loans would go to a bridge bank.

Long Term Credit Bank declined to comment on the report, in contrast to its strong denial of other stories about potential mergers with specific banks.

The bank's problems have increased litters over the stability of the entire Japanese banking system. They have triggered a return of the Japan premium. the extra amount Japanese banks must pay when raising funds in the global markets, because they are viewed as bigger risks, Reuters reported.

The United States and Japan surprised currency traders last week with joint intervention, which brought the dollar down to 136.950 yen on Wednesday. There were growing concerns that the rapid fall of the yen, which had hit an eight-year low of nearly 147 yen to the dollar, would dramatically worsen the economic crisis in the rest of Asia. But the lack of any major concrete reform plans by Japan has sent the yen moving slowly back up to the 138-yen-

to-the-dollar range.

Japanese officials had clearly hoped that the announcement of the bridge bank plan and their intention to unveil the plan before

the elections would calm markets. It did keep the Tokyo stock market in a holding pattern, analysts said. The Nikkei 225 index closed up 0.27 percent, at 15,309.09.

Most other Asian stock markets closed down. The Hong Kong index fell 4.51 percent, Bangkok was 2.96 percent lower, Manila was down 2.99 percent, Kuala Lumpur fell 2.14 percent, and Singapore was down 2.18 percent.

But analysts and traders said that, although the bridge bank plan could work very well, there are concerned about the lack of specifics.

"There are too many unknowns about the bridge bank so it's hard to make a judgment," said Sadaki Tsunakawa, chief trader at Citibank in Tokyo.

Japanese authorities have contended that the Financial Supervisory Agency, a new financial watchdog with 1,500 people that started up Monday, will improve bank inspections. But traders were disappointed when the agency head Masaharu Hino, a former prosecutor. said that the agency had not yet set pri-orities. Asked if the agency would immediately start inspections of the nation's top 19 banks, he said, "I would like to decide that later."

#### U.S. Calls for Open Markets

The U.S. trade representative, Charlene Barshefsky, said Monday that Japan had to deregulate and open its economy, especially to other Asian

countries, Agence France-Presse reported from Kuching, Malaysia.

"Japan must be the engine of growth for Asia," she said after talks with the Japanese minister of international trade and industry, Mitsuo Horiuchi.

Ms. Barshefsky, speaking before a meeting of trade ministers of the Asia-Pacific Economic Cooperation forum said that in addition to fiscal stimulus and tackling banking problems, Japan had to deregulate and open its economy.

The forum is a "test of Japan's will-

ingness to do just that - that is deregulate and open its economy in a meaningful way, particularly to the economies of the Asian region," she said.

#### SMART CARDS: A 25-Year-Old Code Breaker Casts Doubt on Their Security

#### Continued from Page 1

at SRI International, a research group in Menlo Park, California, said the approach had "enormous potential as another technique for breaking weakly designed and badly implemented devices."

Banks trust that the computer chips embedded in tamper-resistant packaging will act like a virtual branch office, dispensing money and crediting accounts to the right people. But if someone could break through the card's defense, then that person could conduct fraudulent transactions, load counterfeit digital cash onto the cards or create various other forms of mis-

Though already in wide use as bank cards in Europe, so far smart cards in the United States have been used mainly for controlling access to buildings and protecting against fraudulent use of new types of cellular telephones. But U.S. banks have begun experimenting with the cards, as Chase Manhattan Corp. is doing in a test of Mastercard International's Mondex system in New York

Éven as smart-card executives seek to play down the threat posed by Mr. Kocher's discovery, and they stress that no known break-ins of his sort have occurred in the real world, the industry knows it must continuously

improve smart-card software and

hardware. 'In a sense, this is an arms race: the attackers will always get better," said Richard Fletcher, the head of strategy and planning of Mastercard's Mondex smart-card division, "The only defense and the best defense against future attacks is to keep moving and keep chan-

ging."
Gerald Hubbard is the vice president of marketing in the United States for Bull Smart Cards, a company that says it has shipped more than 120 million money-carrying smart cards throughout the world. He said that his company had known about the Kocher type of attack for more than four years and had installed safeguards to thwart it. But, Mr. Hubbard said, "You can never say a card is 100 percent im-

In fact, some other industry executives expect it to take perhaps two years before there will be smart cards and related hardware that will be impervious to Mr. Kocher's type of at-

Mr. Kocher said he had approached the smart-card industry last year with the details of his discovery because he knew that criminals might also use the same tricks. But he said he did not publicize his findings so that the industry would have time to adopt defenses, including techniques for

which he has filed for patents and which he is now licensing to the

companies. He publicly announced the smartcard security flaw two weeks ago, only after The Australian Financial Review published an article about his break-in

technique.

Mr. Kocher's company, Cryptography Research, analyzes and tests computer-security hardware and software for many of the leading computer compani ... His discoveries of flaws in supposedly secure technologies have drawn attention in the past as in 1995, when he found that he could break into smart cards by imply timing how long it took them

to process data. In the case of this newly disclosed smart-card problem, Mr. Kocher and his colleagues found that the cards' consumption of electrical power could disclose vital information about the secret key that protects the money or other data

By watching the monitor of an oscilloscope, a device that measures the power use on a screen similar to the way cardiac monitor displays a patient's heart action, Mr. Kocher's team was able in some cases to use the electrical pattern from a single transaction to decipher the key to the code. In other cases, they were forced to use more sophisticated statistical techniques to analyze the results from as many as 1,000 transactions.

Mr. Kocher said his team had spent at least as much time looking for solutions as it had in identifying the security flaw. A possible remedy involves masking the transaction in digital noise by adding meaningless random calculations that would consume random amounts of cur-

Another possible solution, which ac-cording to Mastercard officials is being incorporated in the latest version of its Mondex smart-card software, is to vary the order of the operations in the software to make it more difficult to identify patterns in the consumption of power.

A banking-industry goal with smart cards is to cut costs by eliminating the need for central approval of a debit or J credit transaction. By some estimates, the marginal costs for clearing a smart-card transaction are well under a penny. Credit-card transactions, however, typically cost 25 cents be-cause they require a long-distance computer network and a large central database for examining each deal, as well as billing a customer and cashing the payment checks.

These steps add up to 25 cents a transaction, on average, compared with about a penny for a smart-card transaction, in which all the authorization information - and even the money itself - can be contained on the card's chip.

#### **NYSE**

#### Monday's 4 P.M. Close

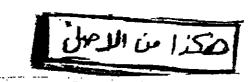
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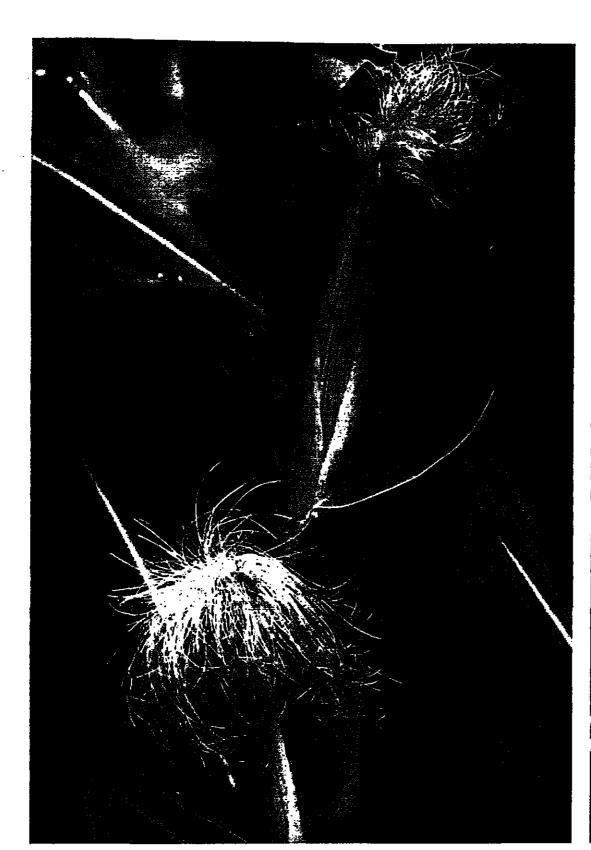
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# UNITING SCIENCES FOR LIFE ASINGLE DISCOVERY IS KEEPING

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The links between different forms of life are remarkable. For example, a new Rhône-Poulenc discovery to protect crops against insects is proving to be exceptionally effective in protecting animals against fleas and ticks. That's one powerful example of why we believe in linking our efforts in human, animal and plant health care. Ultimately, breakthroughs made in plant and animal science by Rhône-Poulenc Agro and Rhône-Poulenc Animal Nutrition and by Merial\* may even lead to advances in human health by Rhône-Poulenc Rorer and Pasteur Mérieux Connaught. Uniting the life sciences makes it possible to develop new products to meet the challenges of tomorrow. \*50/50 joint venture with Merck & Co., Inc. http://www.rhone-poulenc.com



# A Touch of French Chic Enlivens the Markets of Almaty

By Karine Granier-Deferre International Herald Tribune

companies flocking to Kazakhstan to exploit its rich oil and natural gas featuring an Eiffel Tower is the only French business people has carved housed in the former cafeteria of out a niche providing high-quality an armaments factory that has services and products, exploiting closed. But the "Pressing Fran-France's reputation for chic and re- cais," as it has become known

The privatization of state enterprises after Kazakhstan's indepen- ficult, with only about 100 clients, dence from the former Soviet Union but after six months, Carte Blanche in 1991 has contributed to the ex- was using 100 percent of its capansion of a nouveau riche consumer pacity," Mr. Devismes said. class in this nation of 16 million.

ads for Coca-Cola, Nescafé, Nuts, in three years, but it took only one Nesquick and Tic-Tac testify to the year," Mr. Devismes said, adding increasing presence of foreign cap- that his clientele widened to include ital. About 200 companies are the middle class as well as the owned by foreign investors, according to Kazakh officials.

The French presence has remained modest with a community of about 200 people, and direct French Saint Laurent," he said. "But now investment in Kazakhstan represents about 2 percent of its total

**DREYFUS AMERICA FUND** 

**SICAY** 

Registered Office: 69, route d'Esch,

L-1470 Luxembourg

R.C. LUXEMBOURG B-22.572

Shareholders are kindly invited to attend the

ANNUAL GENERAL MEETING

of shareholders of our company, which will take place at

the registered office of Banque Internationale à Luxembourg, 69, route d'Esch, L-1470 Luxembourg, ou July 3, 1998 at 2 p.m. for the purpose of considering and voting upon the following agenda:

l. Submission of the Report of the Board of

Approval of the Statement of Net Assets and of

the Statement of Changes in Net Assets for the year ended as at February 28, 1998;

Directors and of the Independent Auditor;

Shareholders are advised that no quorum is required for the items on the agenda of the Annual General Meeting

and that decisions will be taken at the majority of the

votes expressed by the shareholders present or

in order to attend the Meeting of July 3, 1998 the

owners of bearer shares will have to deposit their shares

five clear days before the Meeting at the offices of

Banque Internationale à Luxembourg, 60, route d'Esch.

THE BOARD OF DIRECTORS

\llocation of the net results;

discharge to the Directors;

5. Statutory appointments;

represented at the Meeting.

6. Miscellaneous.

to \$2.4 billion in 1997.

Among the French entrepreneurs ALMATY, Kazakhstan -- In the is Christian Devismes, who set up his is more profitable than in France beshadow of huge international dry-cleaning store, Carte Blanche, three years ago with a partner. A sign resources, a small community of evidence of the enterprise, which is mostly by word of mouth. "The esthetically, and is sold in refriger-

here, is a success.

"The first month was dif-

"I didn't think we would make it In Almaty, the financial capital, that fast. I thought we would pay off wealthy after Kazakhs realized that his prices were affordable.
We used to clean only luxurious

we see everyday clothes. Prices are about the same as in

trousers and 240 tenge for a jacket. Boucherie Kazakhstan, a butcher half the price of a 150-gram steak. But running a dry cleaner in Almaty

vismes, who has seven employees.

#### The image of France is very good here' in Kazakhstan.

image of France is very good here," he said. "Kazakhs would rather buy a product that is twice as expensive sliced with cold noodles, or sausage as long as it is French."

Mr. Devismes, who is going to open a second store in a more commercial area, also imports and exports dry-cleaning material and sells turnkey dry-cleaners in the provinces and in Kyrgyzstan and Uzbekistan.

Now, he returns to France only for brief visits. "Of course, I miss French bread and cheese," he says, but it's better to be first in Kazakhstan than last in France."

This is the same reason that Orlando Da Silva came to Almaty,

KUALA LUMPUR -- Opposition parties

Amid increasing allegations of cronyism

on Monday called on the government to name individuals who had received huge

and nepotism against the government, Syed Husin Ali, president of the Parti Rakyat

Malaysia, called on Prime Minister Mahathir

bin Mohamad to "furnish additional lists of

names of all individuals who managed to get

Mr. Syed Husin also said the names of

banks that had given loans above 50 million

ringgit should be made public. Names of in-

dividuals and companies whose loans are non-

performing and the names of the sources of

their loans should also be released, he added.

bank loans exceeding 50 million ringgit'

bank loans and those who had defaulted.

**Malaysia Parties Want Loan Data** 

shop, in November.

"There was no butcher shop here. cause wages are lower, said Mr. De-vismes, who has seven employees. "Meat is sold on the open market." Carte Blanche became known Here the meat is cut properly and

ated windows, and salespeople wear clean white clothes. People are happy to find meat that looks like meat."

Although horsemeat is the basis for many Kazakh traditional dishes, like smoked horsemeat sausage, which can be served made of horse intestines, other meat is used like beef - either mixed in a mercial cooperation between France potato stew or served with rice and dried fruits in a dish called plov.

Mr. Da Silva sells a wide variety of meat — including beef, pork, lamb and tripe — to a diverse, local and foreign, clientele. He also supplies a hotel and a few restaurants, both Italian and Turkish, People who cannot afford meat come to his store to buy packs of leftovers made of

The Parti Rakyat Malaysia also said the

government should make public the names of

major shareholders of all companies listed on

allegations of cronyism in his administration

by releasing details of government tenders awarded to private companies.

forced to release the lists to prove that gov-

Mr. Mahathir over the weekend countered

Mr. Syed Husin said Mr. Mahathir was

Analysts said Monday the real test for the

"In terms of his political position, it's much

prime minister would be fixing the economy.

better now," Bruce Gale, an analyst with

Singapore-based Political and Economic Risk

Consultancy, told Reuters Television. "But

that doesn't mean he's going to be able to hold the line through next year." (AFP, Reuters)

the Kuala Lumpur Stock Exchange.

ernment leaders were not corrupt.

direct investment, which amounted Paris - 290 tenge (\$3.80) for where he and three partners opened kilogram (2.2 pounds). That is about The business's results have outgrown his expectations, he said, and in three recent weeks, sales doubled.

Mr. Da Silva imported his equipment from France - even the cash register, which he had to replace because it did not conform to standards here. Although he was not fined, an inspector came a few times to help himself to free packs of meat.

Another growing market is for perfumes, cosmetics and pret-a-porter clothes, said Stephanie Carle, who works for Assistance au Commerce International, a company that helps develop industrial and comand Central Asia.

Ms. Carle has worked with Frantsuzski Dom, or French House, a Kazakh boutique in the center of Almaty that sells brands like Ted Lapidus, Christian Dior, Givenchy and Lancome, to familiarize salespeople with French merchandising.

'French products have a great reputation because they are assobones, fat and gristle, which are used in soup and which cost 30 tenge a goods," said Ms. Carle.

GM Sets Venture

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Make Pickups

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#### Very briefly:

 Avon Products Inc., the U.S. direct-selling cosmetics conpany, plans to open a chain of retail shops in Guangzhou, southern China, to salvage its business after a government ban on door-to-door sales in April, the official Xinhua press agency reported. Avon won permission from China this month to resume sales only through retail stores. Meanwhile, Amway Asia Pacific Ltd. said it had submitted a plan for consideration under Beijing's new guidelines and was optimistic it would be able to resume direct selling in China. • Marks & Spencer PLC's entry into the Australian retail market will be delayed indefinitely "because of the weak-ening of the Australian dollar and unstable economic conditions affecting Asian economies," said Just Jeans Group Ltd., an Australian clothing retailer appointed in November to operate Marks & Spencer franchises throughout Australia.

· South Korea said it would sell as much as a third of the staterun Korea Telecom to foreign investors in July or August to raise up to \$2.4 billion to help finance its economic recovery. China plans to cut cotton imports this year to fewer than I million metric tons, less than half the amount imported last year, because of a bumper domestic harvest, said a spokes-

woman for Shanghai Textile Holding Co. • Coca-Cola Amatil Ltd.'s shareholders approved a proposed spin-off of the Australian-based company's European assets and the purchase of two new bottling groups.

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#### Summers Says U.S. Will Back Aid for Indonesia

JAKARTA - Lawrence Summers, the U.S. deputy Treasury secretary, told President B. J. Habibie on Monday that the United States would continue to back a \$43 billion international bailout of Indonesia, but warned that the country's fate was in its own hands. Indonesia, meanwhile, hopes to sign a

letter of intent on the next tranche of International Monetary Fund aid this week, the coordinating minister for the economy and finance, Ginaniar Kartasasmita, said, after meeting with Mr. Summers and the IMF Asia-Pacific director, Hubert Neiss.

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Mr. Summers, whose visit comes as Indonesia is negotiating with the Fund about getting its IMF-brokered bailout back on track, said, "President Habibie and the other Indonesian economic officials we met with recognized that it was going to be the steps the Indonesian government and the Indonesian people took that were going to be most essential for economic stability.

Aid disbursements to Indonesia have been suspended since early May because of the political turnoil and violence that came with the ouster of former President Suharto, Mr. Habibie's predecessor. (Bloomberg, AFP)

BEIJING -- General

Motors Corp. agreed Monday to make pickup trucks and sport-utility vehicles in a joint venture with China.

Investment in the project with state-owned FAW-Jinbei Automotive Co. in the northern city of Shenyang had been raised to \$230 million from \$132 million, the company said.

Production is to start in 2000, and in the first year of operation 4,000 vehicles are to roll off assembly lines. The 50-50 joint ven-

ture, Jinbei GM Automotive Co., would make the Chevrolet Blazer fourdoor sport-utility vehicle and the Chevrolet S-10 crew cab pickup, the company said.

GM already has inves-ted in a \$1.57 billion joint venture in Shanghai to produce Buick cars; the first vehicle is expected to roll out in December.

#### Casio Fears Losses From Fraud Case

TOKYO - Casio Computer Co. said Monday it expected losses of about 2 billion yen (\$14.6 million) from an enbezzlement scheme involving an employee.

Casio discovered last month that a deputy head of the funding division of its Tokyo head office conspired with people outside the company to channel \$30 million that Casio had deposited in a New York bank for third-party recipients, said Yoshiaki Suzuki, Casio's managing director. Casio had so far recovered \$15 million, he said. Casio shares fell 6 yen, to 1.264.

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#### **NASDAO**

Monday's 4 P.M.

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WORLD ROUNDUP h's Official: Jackson July as Bulls (Asseli

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# Herald Eribune PORTS

#### WORLD ROUNDUP

#### It's Official: Jackson **Ouits as Bulls' Coach**

BASKETBALL Phil Jackson has informed the Chicago Bulls that he will step down as their head coach, the first step in what could become the dismantling of the National Basketball Association's reigning dynasty.

In Jackson's nine-year tenure as coach of the Bulls, the team dominated the NBA, winning six championships in the last eight seasons. Chicago won its sixth title with a Game 6 victory over the Utah Jazz on June 14.

Jackson had feuded in recent seasons with the team's owner, Jerry Reinsdorf, and its general manager, Jerry Kranse, and his shaky starus with the Bulls had been linked to the futures of their superstars, Michael Jordan and Scottie Pippen, who can both become free agents for next season. Jordan has said he will not play for the Bulls again if Jackson is not their coach.

But Jackson's agent, Todd Musberger, said that Jackson had met with the team's top players and that their decisions on whether to stay with the team next season would be made independently.

#### LA Dodger Heads Roll

BASEBALL The Los Angeles Dodgers fired Bill Russell as the team's manager and Fred Claire as the organization's general manager.

Russell will be replaced by Glenn Hoffman, manager of the Albuquerque Dukes, the Dodgers' Triple-A affiliate, and Claire will be replaced by Tommy Lasorda, a team vice president and the club's former manager.

The Dodgers' president, Bob Graziano, said Sunday that Hoffman and Lasorda would serve on an interim basis. Lasorda said he would aid in the search for Claire's permanent replacement.

#### Ukrainian Takes a Stage

CYCLING Vladimir Duma of Ukraine narrowly won the seventh stage of the Tour de Suisse Monday after outpacing three other racers on the final climb of the day in Morschach, Switzerland.

Stefano Garzelli of Italy finished 20th and retained the leader's yellow jersey, increasing his lead over a fellow Italian, Leonardo Piepoli,

ters (100 miles) from Haag to Morschach in 3 hours 54 minutes 37 seconds.

# **An Emotional Graf** Makes Strong Return

But Kournikova Is Forced Out by Injury

By Jennifer Frey ul to the Herald Tribu

WIMBLEDON, England - Steffi Graf thought about what it would be like to return to Wimbledon's Center Court through all the long, difficult rehabilitation sessions she endured after undergoing extensive surgery on her left knee a little more than one year ago.

And when that moment finally came

when Graf walked onto Wimbledon's biggest stage for her first-round

#### WIMBLEDON

match Monday afternoon - the generally stoic German responded with a 6-4, 6-1 victory over Gala Leon Garcia of Spain, then sat, helpless, as tears of relief slipped from her eyes.

Tennis's grand dame captured the heart of the Wimbledon crowd on a day when one of the game's new sweet-hearts, 17-year-old Anna Kournikova, disappointed legions of admirers by withdrawing with an injured right thumb. Kournikova, the 12th seed, was a semifinalist at Wimbledon last year.

Pete Sampras, the defending champion and top men's seed, opened the day's play on Center Court with a 6-3, 6-3, 6-2 victory over Dominik Hrbaty of Slovakia. Out on Court 1, his one-time rival and fellow American Andre Agassi had nearly as easy a time against Alex Calatrava of Spain, beating him, 6-2, 6-4, 6-3.

Sixth-seeded Monica Seles, another crowd favorite, also won in straight sets, but No. 11 Mary Pierce was upset by Elena Tatarkova, 7-6 (7-4), 6-3, and Alex Corretja, a French Open finalist and No. 10 seed, was stunned by Justin Gimelstob of the United States, 7-6 (7-

The day, though, belonged to Graf, a woman who has won Wimbledon seven times but who merely felt grateful Monday to be seeded fourth and, more important, chosen to play on the coveted Center Court.

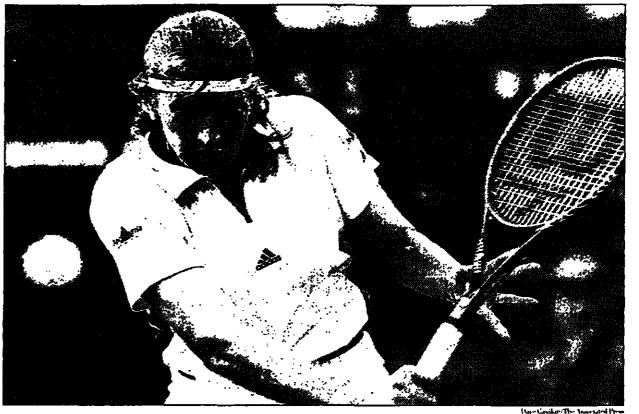
"I do not take it for granted being here," Graf said, explaining why her face dissolved into tears shortly into her postmatch press conference, and why, no matter how quickly she wiped them, those tears just would not disappear.

Graf underwent surgery for torn cartilage and a partially ruptured patellar tendon shortly after the 1997 French Open, then made her tentative return to ennis last February. She had played just 12 matches this season prior to her appearance Monday.

Her last match came Thursday at Eastbourne, where she lost to Kournikova in the quarterfinals and gave another uncharacteristic display of emotion — this time a testy response to the

officiating. As it turned out, though, Kournikova got the worst of it that afternoon: She injured her thumb in the third set of that meeting, and although the young Russian spent Sunday praying, as she put it, "for a miracle" that would allow her to play, no divine intervention occurred.
"It is Wimbledon, and I feel very

sad," Kournikova said. "I was getting ready for it for a whole year and thinking about coming back here again and playing on Center Court. But I have many more Wimbledons to come.



Steffi Graf lining up a backhand return Monday in her first-round victory over Gala Leon Garcia of Spain.

Graf, 29, felt no such certainty about her Wimbledon future, and instead wondered, often, if she'd ever be back at all. She was out there Monday, though, her face a mask of fierce determination as the 24-year-old Leon Garcia put up a strong fight, at least in the first set.

At first, Leon Garcia seemed unintimidated by both the talent and the reputation of the woman who ruled women's tennis for most of this decade. She boldly went to the net on several occasions and did not hesitate to go after Graf's shots. By early in the second set, though, Graf had taken over, and when she won two big points with her notoriously ferocious forehand in the final game, Leon Garcia turned to a few friends in the crowd with a smile and shrug, clearly awestruck.

After the final point was won, Graf

departed the court with a big smile and a happy wave, but her emotions quickly got the better of her.

She quickly teared up when she was asked if Wimbledon was in her thoughts during her long injury layoff. She fought back tears a second time

after admitting that she had contemplated retirement as recently as seven

But when she was asked what kept

her going through all those rough times, Graf wiped her eyes and answered

"Being out there on Center Court,"

she said, "like today."

#### ■ Kafelnikov Is Eliminated

Mark Philippoussis of Australia hammered down 21 aces in defeating Yevgeni Kafelnikov of Russia, the seventh seed, 6-7 (5-7), 7-6 (7-1), 6-4, 6-2, Agence France-Presse reported.

Philippoussis will play either Kenneth Carlsen of Denmark or an American qualifier, Alex O'Brien, in the

# Janzen Storms Back to Overtake Stewart and Win His 2d Open

By Leonard Shapiro Washington Post Service

SAN FRANCISCO - Lee Janzen hit his 4-wood tee shot right and high into a towering cypress tree at the 457-yard fifth hole. It caught in a branch and seemed lost forever, Janzen was on his way back to the tee to hit another shot when he was. informed by marshals that the ball had -

plopped down into the rough. Almost as remarkably, a shot later, Janzen chipped in from 20 feet to make a to 1 minute 23 seconds. Duma covered the 162 kilomepar, beginning one of the more memorable comebacks in U.S. Open history. By the time the tournament ended Sun-

Payne Stewart and passed the golfer who had led the Open after each of the first

three rounds at the Olympic Club. When Stewart missed a 20-foot putt by inches at the 18th that would have

#### U.S. OPEN GOLF

forced an 18-hole playoff on Monday, Janzen, 33, could finally exhale and celebrate his second U.S. Open championship, despite bogeys on two of his

first three holes Sunday.

Trailing by five shots with 18 holes to go and playing two groups ahead of Stewart, the '91 Open champ

to get to even par for the tournament. Then he put together a string of five perfectly played pars on some of golf's most demanding holes for a round of 2under-par 68 and a 72-hole total of even-par 280.

"My greatest emotion right now, I would say, is complete satisfaction," Janzen said after the victory. "I went out and played my absolute best and then won in the one championship I love more than any other. Being an American-born golfer, it has more special

Stewart, the '91 Open champion at Stewart, Janzen made his last birdie Hazeltine who was trying to become the

shot deficit in an 11-hole stretch against with a six-foot putt at the 186-yard 13th first wire-to-wire winner since Tony Jacklin in 1970, knew he needed to score near par or better to win his third major. Instead, he found himself scrambling out of the rough and bunkers all around this treacherous track by the Pacific shore. That is not the preferred path to success in the most demanding golf tournament in the world.

Just as Janzen benefited from incredible luck at the 5th, Stewart got a dreadful break when his drive landed in the fairway of the 12th hole, only to roll into a sandy divot. Unable to control the ball from that lie, he hit his second shot into a bunker fronting the green and made a

Janzen, as he walked off the fifth green, said he knew full well that without the capricious gust of wind that blew his ball out of the tree down to terra firma, he would probably have posted a double bogey at best.

"Originally when I started walking back to the tee thinking my ball was stuck in a tree, I thought, "This just isn't right," Janzen said later. "You can imagine how much better I felt walking

off that hole with a par." Stewart closed with a round of 74, finishing second to Janzen at an Open for a second time. In 1993 at Baltusrol, he finished two strokes behind Janzen, who had a close encounter with a tree that year as well.

Stewart took consolation in the fact that Janzen had played a magnificent final round to overtake him on a day when he posted only one birdie, at the 14th, to briefly regain the lead, only to make bogey at the 609-yard 16th as Janzen was walking off the 18th green at

"I didn't go out and do what it took to win the golf tournament," said Stewart, whose inability to get up and down for par from a greenside bunker at 16 was the fifth bogey on his card and the one

well enough to win, and I got beaten by an outstanding round of golf."
In becoming the 18th player to win

more than one Open, Janzen also had the biggest final-round comeback since Johnny Miller, who came from six back to win in 1973 at Oakmont. It was also the first time since Hale Irwin prevailed at Medinah in 1990, also at even-par 280, that an Open champion was not able to break par. Still, there was no asterisk on the champion's check of \$535,000 that accompanied Janzen's eighth career victory.

Janzen said he would not let himself look at the leader boards after he birdied the 13th hole in order to maintain focus on his own game.

"I dido't want to play it safe," he said. "I wanted to hit good shots."



Lee Janzen hugging his U.S. Open trophy after making up a 7-shot defthat proved his undoing. "I didn't play icit over 11 holes in the final round.

# Sosa Surges Ahead With 30th Homer, but Cubs Lose

Suddenly, Sammy Sosa is being mentioned in the same sentence as Roger Maris and Mark McGwire.

In a power surge of historic proportions, Sosa hit his 17th home run this month for the Chicago Cubs in a 7-2 loss Sunday to the Philadelphia Phillies. Sosa extended his major- league record for homers in June and matched

BASTBALL ROUNDUP

● Willie Mays's mark for the most home runs in any month.

The Cubs still have eight games left in June, giving Sosa a good shot at the big-league record for home runs in a month - 18 by Rudy York of Detroit in August 1937. Sosa has hit 30 home runs, three behind McGwire's total, which leads the major leagues.

Rockies 11, Dodgers 6 Hours before the Dodgers fired their manager, Bill Russell, and their general manager, Fred

Claire, Colorado's Dante Bichette up one run and five hits in six innings. homered and drove in five runs as the Rockies overcame another big game for Eric Karros. Karros hit two homers and drove in four runs. He went 7-for-17 during the four-game series.

day night, Janzen had made up a seven-

Padres 5, Giants 1 Kevin Brown improved to 6-0 with an 0.58 ERA overall in seven starts against the Giants as San Diego won for the 12th time in 13 games. After the game, the Padres acquired catcher Jim Leyritz from Boston in a five-player trade.

Louis scored the tiebreaking run in the eighth inning on Clint Sodowsky's wild pitch with the bases loaded. Brian Jordan had three hits, including a tworun homer, for host St. Louis. Travis Lee went 3-for-5 with a home run for Ari-

Astros 3, Reds 1 Pete Schourek, who pitched for Cincinnati from 1994-97. helped Houston send Cincinnati to its eighth straight loss. Schourek (4-5) gave

Mots 3, Martins 2 John Franco pitched out of a bases-loaded, no-out jam in the eighth inning, striking out Mark Kotsay, a pinch hitter to stop New York's four-

game losing streak. Pirates 8, Brewers 7 Jose Guillen hit a grand slam and Pittsburgh took an 8-1 lead before Milwaukee rallied for a close finish.

In the American League: ms 11, Yankees 0 In Cleveland, Bartolo Colon (7-4) struck out 10 in eight innings and Manny Ramirez hit two of Cleveland's five homers to hand New York its most lopsided loss this

season. Mark Whiten, Travis Fryman and Shawon Dunston also homered. Angels 10, Rangers 7 Darin Erstad drove in four runs and Jason Dickson. pitching with a broken index finger on his throwing hand, won his seventh straight decision as host Anaheim won

for the 18th time in 21 games. Bine Jays 7, Orioles 3 In Baltimore.

Ed Sprague hit two homers and Pat Hentgen (8-4) pitched seven innings for his first victory since May 25. Sprague went 3-for-3 and drove in a four runs. Shawn Green and Carlos Delgado also homered for the Blue Jays. Twins 6, White Sox 1 In Chicago, Mike

Morgan (4-2) took a shutout into the ninth and Brent Gates hit his first career grand slam. Morgan was three outs away from his first shutout in nearly five years when Mike Caruso homered on the right-hander's first pitch. Mariners 10, Athletics 5 In Scattle, Rico Rossy came up from the minors and

hit his first homer in nearly five years to lead Seattle. Edgar Martinez added a two-run homer, and Alex Rodriguez went 4for-5 and scored twice for Seattle.

In games reported in late Monday editions: The Montreal Expos beat the Atlanta Braves, 4-1; the Boston Red Sox defeated the Tampa Bay Devil Rays, 3-1, and the Kansas City Royals defeated the Detroit Tigers, 6-5.

WORLD RANKINGS

Las Janzan, U.S., U.S. Open winner advanced 20 places from 42d to 22d place, Payre Stewert moved up from 40th to 27th.

SOCCER MAJOR LEAGUE SOCCE

1. Tiger Woods, U.S., 11,56 points 2. Emile Els, South Africa, 10,53 3. Davis Love 3d, U.S., 10,25

3. Davis Love 30. U.S., 10.25 4. Greg Norman, Australia, 9.29 5. David Duval, U.S., 9.21 6. Colin Manigomerie, Britain, 9.16 7. Justin Leonard, U.S., 8.29 8. Nick Price, Zimbarbwe, 7.92

8. Nick Price, Zimbatwe, 7.92 9. Fred Couples, U.S., 7.86 10. Mark O'Meara, U.S., 7.75

11. Phil Mickelson, U.S., 7.69

Britain, 7-6 (B-6), 6-2, 6-3; Mark Woodfords, Ass., def. Jens Knippschild, Ger., 4-6-6-3, 7-6

Brithin, 7-6 (B-6), 6-2, 6-3) Maris Woodbords, Aus., del. Jerrs Krippochild, Ger., 4-6, 6-3, 7-6 (9-7), 6-1.

Nicolas Escards, Fr., def. David Wheaton, U.S., 6-1, 7-6 (7-3), 6-4 Miknet Tristrom, Sweden, def. Alexander Rodulescu, Ger., 6-4, 6-7 (5-7), 7-5, 6-3.

Alex O'Brisn, U.S., def. Kenneth Carisen, Dermark, 4-6, 4-6, 4-6, 5-3, 6-4; Byron Black, Zimbothwe, def. Richard Fromberg, Aus., 7-5, 3-6, 3-6, 7-6 (9-7), 6-2.

Justin Gimelstob, U.S., def. Alex Carrella (10), Spoth, 7-6 (7-3), 6-2, 6-3; Thomas Enqvist, Sweden, def. Daniel Nestor, Canada, 6-7 (2-7), 6-7 (8-10), 6-4, 6-0, 4-0.

Justin Stoltenberg, Aus., def. Gustiavo Kuerten, Brutil, 4-6, 6-3, 6-1, 4-6, 10-8; Daniele Bruccioli, Haly, def. Martin Lee, Britzin, 4-6, 6-7 (6-8), 7-6 (8-6), 6-2, 6-2; Bordon Ulhrucci, Czech R., def. Lucas Arnold, Argentina, 2-6, 7-6, 8-3, 3-6, 3-6, 2-6, 2-8 bhdon Ulhrucci, Czech R., def. Lucas Arnold, Argentina, 2-6, 7-6, 6-3, 6-3, 6-3, Mark Philippowsis, Aus., def., Yespeny Katehilico (7), Russ. 6-7 (5-7), 7-6 (7-1), 6-4, 6-2.

Nata Miyogi, Japan, def. Julie Pullin, Britsin, 6-3, 1-6, 6-2, Kristie Boogert, Neth., def. Miho Saeki, Japan, def., Julie Pullin, Britsin, 6-3, 1-6, 6-2, Kristie Boogert, Neth., def. Miho Saeki, Japan, def., Julie Pullin, Britsin, 6-3, 1-6, 6-2, Kristie Boogert, Neth., def. Miho Saeki, Japan, def., Julie Pullin, Britsin, 6-3, 1-6, 6-2, Kristie Boogert, Neth., def. Miho Saeki, Japan, def., Burken Aus., 7-5, 6-4; Nacko Sarvennetssu, Japan, def., Barbar Poulis, Ausrin, 2-4, 6-1, 6-2, Loriso Nelland, Lurito, def. Sandar Cocic, U.S., 7-6 (7-1), 4-6, 6-3; Asa Carleson, Martin, Lee, Saroth Pittowski, Fr., 6-1, 5-7, 6-3; Hearlieta Nagyon, Sivodkia, def., Anny Frazzler, U.S., 6-7 (7-7), 6-2, 6-4.

Martin Alejandira Vernio, Ven., def., Sandar Cocic, U.S., 7-6 (7-1), 4-6, 6-3; Asa Carleson,

Matto Alejamata Venta, Ven., det. Sandar Cock. U.S., 7-6 (7-1), 4-6, 6-3; Ass Corisson, Swe., def. Adrium Gersi, Crech R. 6-1, 6-1. Lindsay Davenport (2), U.S., def. Florencin Labat. Argentina, 6-2, 6-2; Rito Grande, It. def. Fong Li. China, 6-1, 6-4. Alexandra Fusal, Fr., def. Katarina Stu-

(11), Fr., 7-6 (7-4), 6-3; Seda Noorlandor, Neth., det. Olga Lugina, Ukr., 6-3, 6-1.
Chanda Rubin, U.S., def. Ginger Nielsen, U.S., 4-6 6-0, 6-2; Flora Perietit, it., def. Denisa Chiodkova, Crech R., 6-0, 6-1.
Steffi Graf (4), Ger., def. Gafa Leon Garcia, Sp., 6-4, 6-1; Monica Seles (6), U.S., def. Maria Antonio Starches I. Secono. Sp., 4-3, def. Maria

Sp. 6-4.6-1; Monica Seles (6), U.S., def. Maria Antonia Sanchez Lorenzo, Sp. 6-3, 6-4. Dominique von Roost (15), Belgium. def. Joannelle Kruger, South Africa 6-1.6-2; Alex-to Dechoume Balleret, Fr. def. Olgo Bara-bonschikova, Belarus, 6-4.6-7 (5-7), 11-9. Tamarine Tenasugern, Thalland. def. Kvetoslova Hallickova, Czech R., 6-0.7-5; Sanapatha Smith, Britain, def. Anna-Gaetle Sidot, Fr., 6-3, 4-6.6-7 Anne Miller, U.S., def. Nathalio Dechy, Fr., 7-6 (7-3), 6-2; Sylvia Pilischke, Austria, def. Al Sugivana. Japan, 6-4, 7 (2-7), 6-3. 7-6 (7-3), 6-2; Sylvia Pitischke, Austria, def. Al Sugiyarna, Japon. 6-4, 6-7 (2-7), 6-3.

Tara Syrvider, U.S., def. Lenka Nemeckova, Czoch R., 6-3, 6-0; Corina Morariu, U.S., def. Marion Maruska, Austria, 4-4, 6-1, 6-2.

Louise Lerifime, Brift, def. Jaran Kondarr. Ger., 6-4, 6-1; Karen Cross, Britt, def. Joanne Word, Britt, 6-3, 6-4.

Barboro Ritiner, Cer., def. Amelle Cochelent, Fr. 7-6 (8-6), 6-0; Serena Wilkiams, U.S., def. Laura Golara, It., 6-4, 6-3.

ATP RANKISMOS

1. Pete Sompres, U.S., 2,779 points

2. Marcelo Rico, Chile. 3,647

3. Petr Kordo, Cooch Republic. 3,299

4. Carlos Moya, Spain, 2,970

5. Greg Rusedskil, Britohr. 2,990

4. Patrick, Rafter, Austria. 2,892

7. Yevgery Karleinkov, Russia. 2,701

8. Jones Rifortonn. Sweden. 2,541 Yesgery Karishikov, Russia. 2-8.
 Jonas Bjortman, Sweden, 2-56
 Alex Correlja, Spain, 2-530
 Cedric Piolina. France. 2-306
 Faste Mantišia. Spoin. 2-28
 Karol Kuceru. Slovakia. 2-196
 Albert Costa. Spain. 2-604
 Richard Krajicek. Netherlands
 Michael Chang. U.S. 2-204
 Alberta. Represedensi. Spain. 1-2

TRANSITIONS

BOSTON—Traded C. Jim Leyriz and OF Eth-an Faggett to San Diego for RHP Carlos Reyes, RHP Datio Verus and C Mandy

LOS ANGELES—Put RHP Ramon Martinez on 15-day disabled itst. Recalled C Pour Lo-duct and OF Matt Luke from Albuquerque. PCL. Designated OF Thomas Howard for

ASSIgnment.

MINNESOTA—Put DH Paul Molitor an 15day disabled list. Purchased contract of 1B
Scott Stanboviak from Salt Lake, PCL

MONTREAL—Removed RHP Jason Baker
from 40-man roster.

SAN DIEGO—Activated INF Archi Clanfrocco from 15-day disabled list. Optioned OF
James Mouton to Los Vegos. PCL

NATIONAL LEAGUE
LOS ANGELES—Fired BIB Russell. manager,
and Fred Calro. general manager. Named

and Fred Caline, general manager, Named Glean Hefiman interiar manager and Townry Lesarda Interim general manager. Placed 38 Bobby Borillia an 15-day disabled list. Re-called LHP Will Brunson from Albuquerque.

PCL.
PHILADELPHIA—Agreed to terms with OT
Tro Thomas on 5-year contract.
PTTSBURGH—Signed DE Jeremy Staat.
ST, LDUIS—PUT OF Ron Gont on 15-day disabled list. Recalled INF-OF Snawn Gilbert from Memphis, PCL Signed OF Tim Lemon. SAN FRANCISCO—Recoiled RHP Russ Only SAN FRANCISCO—NECUREU FOTO NESSO COLL and INF Ramon Martinez from Fresno, PCL. Optioned INF Jeff Balt and OF Jacob Cruz,

NEW YORK STATE ATHLETIC COMMIS-SION-Named Metrille Southerd chalmton. POOTBALL NATIONAL POOTBALL LEAGUE CHICAGO-Signed LB Chris Droft, G Potrick, Monnelly and T Chad Overhouser to 3-year Contracts.

MHL—Granted Mant Crawford, former Cal-orado coach, permission to negotiate with any club for 1998-99 season, subject to agreed **RASHVILLE-Named Brent Peterson as** 

sistent cooch, SAN JOSE—Acquired G Sleve Shields and 4th-round draft pick from Buffato for G Kay Whitmore, a 2d-round draft pick and future

NATIONAL HOCKEY LEAGUE COLLEGE
LONG ISLAND II—Named Party Deletarity
women's backetbell coach and Roy Martin
men's backetball coach.

SCOREBOARD

BASEBALL MAJOR LEAGUE STANDINGS AMERICAN LEAGUE 29 .403 32 .548 40 .452 44 .413 MATIONAL LEAGUE 50 25 .667 39 31 .557 .36 36 .500 30 43 .411 24 50 .324 24 50 324
CENTRAL DEVISION
46 28 422
42 32 568
37 36 507
36 36 500
37 38 493
30 46 395
WEST DEVISION T DIVISION 49 26 453 — 44 32 579 5% 36 38 486 12% 32 44 421 17% 25 50 333 24 AMERICAN LEAGUE

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Temps 8oy 909 916 909—1 2 0

P.Mortinez, Gordon (9) and Hafteberg:
J.Johnson, White (7) and Diffesce W—P.
Mortinez, 9-2.1.—J. Johnson, 2-4. 5v—Gordon
(22). HR—Boston, Gerclappara (10).

Kassas City 621 030 000—6 7 9

Detroit 103 906 610—5 8 3

Picharida, Revit (7). J. Mantgomeny (9) and

NATIONAL LEAGUE Aborte 900 000 100—1 6 1
Montred 908 301 80x—4 6 1
Neogle Seanez (7) and J. Lepez;
Hermanson, Urbina (9) and Widger,
W. Hermanson, 5-6. L.—Neogle, 8-5.
Sv.—Urbina (18). HRS—Adlanta, Tucker (10).
Montreal, Andrews (12). 

ALSweeney: Harriges, Worrell (5), Runyon (9) and Boko, W—Pichardo, 3-6.

L—Harriges, 0-2 Sw—J. Mortgomery (14).

HRS—Kursass City, Suften (2). Detroit, To.Clark (15), L. Gorzalez (7).

Torouthe 120 912 009—7 11 1

Bettimore 21 912 009—7 11 1

Bettimore 21 912 009—7 11 1

Bettimore 301 101 200—2 18 1

Bettimore Gorralez (7).

Hantgen, Quantrill (8), Ra.Myers (9) and Fietcher Ponson, Rhodes (6), A. Bendher (9), MRS—Pittsburgh. J. Guillen (6). P. Wogner (3), C. Delgodo (10). Sprogue 2 (8). Bullimore, Beines (19).

Bettimore, Beines (19).

Minesevia 100 508 908—6 1 1

Chicage 300 908—6 1 1

Chicage 300 908—9 1 1 5

Morgan, Noish (9), Corrasso (9) and J. Valentin Bern, Howry (5). Eyre (7), C. Castillo (9) and Kreuter, W—Margan, 4-2, L.—Sodowsky, 1-4. Sv—Bandisey (11). C. Castillo (9) and Kreuter, W—Margan, 4-2, L.—Sodowsky, 1-4. Sv—Bandisey (11). C. Castillo (9) and Kreuter, W—Margan, 4-2, L.—Sodowsky, 1-4. Sv—Bandisey (11). C. Castillo (9) and Kreuter, W—Margan, 4-2, L.—Sodowsky, 1-4. Sv—Bandisey (11). C. Castillo (9) and Kreuter, W—Margan, 4-2, L.—Sodowsky, 1-4. Sv—Bandisey (11). C. Castillo (9) and Kreuter, W—Margan, 4-2, L.—Sodowsky, 1-4. Sv—Bandisey (11). C. Castillo (9) and Kreuter, W—Margan, 4-2, L.—Sodowsky, 1-4. Sv—Bandisey (11). C. Castillo (9) and Kreuter, W—Margan, 4-2, L.—Sodowsky, 1-4. Sv—Bandisey (11). C. Castillo (9) and Kreuter, W—Margan, 4-2, L.—Sodowsky, 1-4. Sv—Bandisey (11). C. Castillo (9) and Kreuter, W—Margan, 4-2, L.—Sodowsky, 1-4. Sv—Bandisey (11). C. Castillo (9) and Kreuter, W—Margan, 4-4. HRs—Chicago, Carvas (3). Seattle (2). Chicago, Carvas (3). Seattle (2). Seattle, Seattle (2). Seattle, Seattle (2). Seattle, Seattle (2). Seattle (2). Seattle, Seattle (2). Seattle (3). Seattle (3). Seattle (4). Seattle (3). Seattle (4). Seattle (4 Jesper Parnevik, Se o-Mait Kuchar Jim Furyk C. Mantgomerie, Br Loren Roberts Fronk Lickfiber 2d Stave Pote John Huston Joe Durant Jack Nicklaus Ernie Els, S. Africa Final accres Sunday from 98th U.S. Open on 6,737-yard, per-70 Laire Course at The Olympic Club in See Francisco (U.S. unless stated, a-emateur):

Lee Jenzen 73-66-73-68-280

70<del>-69-</del>76-74—289 74-73-68-74—289 70.47.48-200
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71.77.77.202 J.M. Olezenbol, Sp.,
Tiger Woods
Cossey Martin
Glen Day
D.A. Weithring
P.-U. Johansson, Swe,
Educardo Romeno, Arg.
Chris Penry
Viloy Singh, Fig.,
Thomas Blorm, Den.
Mark Camevale
Mark Officera
P. Harrington, Irl.
Bauca Zabriski
Steve Pote Frank Nobile, N. Zect. Derren Clarke, Brit. 72-75-77-77-207 75-72-77-73-207 74-73-79-71-207 69-75-75-78-207 75-71-76-76-208 72-71-78-79-300

WIMBLEDON BIONDAY IN LONDON
PREST ROUND
PREST ROUND
BERN'S STANDLES.
Peir Korde (3), Croch Republic, def. Javier
Sanchez, Spoin, 4-3, 6-4, 6-3; Filip de Wast,
Beiglum, def. Steve Comphet, U.S., 6-2, 2-6,
6-1, 6-0.
Radomb Variat, 6

Tampa Bay 1, Dalles 0
STANDINGE: Hastern Contenence: D.C.
29 points: Columbus 24; NV-ALI 22; Tampa
Bay 12; Micmi 11; New England 10; Western
Conference: Las Angeles 37 points: Chicago
28; Dallas 18; San José 15; Kansas City 14; TENNIS

6-1, 6-0.
Radomir Venek, Czech R., def. Dilver Gross.
Get. 7-6 (7-4), 6-3, 6-1; Jeff Taranga, U.S.,
def. Poul Hourhulz, Neth., 1-6, 6-3, 6-3, 6-0.
Magnus Gustafsson. Sweden, def. Mark
Petchey, Britain, 6-2, 1-6, 6-3, 6-2; Tommy
Hons, Ger., def. Ramon Delgado, Paraguay,
6-7 (4-7), 6-3, 6-3, 6-3.
Scott Druper, Aus., def. Rainer Schwitter,
Co. 4, 1-7, 8-7, 4-7, Dead Mariolin Scotth

# World Cribune CUP

# Colombia's Late Goal **Too Much for Tunisia**

Preciado, a Substitute, Tallies in 83d Minute

MONTPELLIER - Leider Preciado scored an 83d minute winner to give Colombia a 1-0 victory over Tunisia on Monday and keep its World Cup hopes alive.

Preciado seized on a pass from the previously ineffective Carlos Valderrama, held off a strong challenge from

#### COLOMBIA 1, TUNISIA O

Jose Clayton and slotted home from close range to trigger a wild celebration led by Colombia's coach, Hernan Gomez.

Gomez had been under pressure following his decision to send the team's star striker, Faustino Asprilla, back to Colombia for criticizing the coach's strategy after last week's opening 1-0 loss to Romania.

Without Asprilla, the Colombian attack was erratic until Gomez gambled on attack in the 57th minute, bringing on the 21-year-old Preciado and a fellow striker, Victor Aristizabal.

"Our play was mediocre but we opened up in the second half without neglecting defense and the result was the goal," said Gomez.

#### World Cup Briefs

#### Croatia Protests

Croatia has protested to FIFA, the governing body of world soc-cer, about the use of a Serbian translator at a news conference after its game against Japan on Saturday, Branko Miksa, Croatia's soccer federation president said Monday.

The letter to soccer's governing body also complained that the brass band on the field played Croatia's national anthem too slowly before the game. Miksa said.

We sent a very kind letter Sunday to FIFA complimenting them on the organization but making these two points," he told reporters at the team's World Cup camp.

At the postmatch news conference, a Croatian official tried to stop a Serbian woman provided by local organizers from translating for coach Miroslav Blazevic. (AP)

#### Hernandez Is in Doubt

Mexico's star striker Luis Hernandez sat out training Mond: and looks likely to miss his side's vital match against the Dutch on Thursday. Hernandez, who has scored twice in the tournament, suffered an ankle injury Saturday against Belgium.

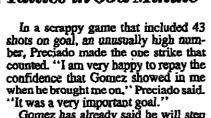
#### **Very Different Goals**

"The goals will help me in my ambition to be the tournament's leading scorer and that is the reason I came here.

— Gabriel Batistuta of Argentina after he scored three goals against Jumaica to take his total to four in two games, most at the World Cup.

"It is not important to me that I break this record. What is important to me is that Chile qualify for the second round. Whether I score or not.'

- Marcelo Salas of Chile, who equaled his country's international scoring record with his third goal at the World Cup.



Gomez has already said he will step down from the coach's job after the tournament because of heavy criticism

Colombia and Tunisia had both lost their opening matches and both needed a victory to stand a good chance of reaching the second round.

Henry Kasperczak, the Tunisian coach, said: "We are disappointed. We are bitter. We played the ball well but

what was lacking was our finishing."

Despite a blazing sun, the pace rarely relented as both sides attacked better than they defended. Brilliant goalkeeping and poor shooting kept the game scoreless in the first half.

Chokri Ouaer, the Tunisian goalkeeper, tipped over Wilmer Cabrera's goalbound header in the 22d minute and twice raced from his line to foil Anthony

Tunisia, toothless in defeat against England a week ago, threatened often. In one close call, Mehdi Ben Slimane hit a post with a header. And Skander Souayah had a superb match for Tunisia, dominating the midfield and completely outclassing Valderrama, who had been accused by Asprilla of being an unfairly privileged member of the Colombian team.

Riadh Bouazizi scraped the bar as the first half came to an end with a scramble at the goalmouth.

The second half, like the first, was characterized by loose and open play, but it was the Africans who looked sharper in their approaches to the goal. In the 66th minute, Zoubeir Baya sent a speciacular volley just wide after some superb ball handling on the right side of the field by Radhouane Salhi.

But the Colombian goalkeeper, Farid Mondragon, came to his team's rescue once again with a stunning double save on Souayah and Imed Ben Younes. Preciado, who replaced Adolfo Valen-

cia, was an immediate threat when he came on, sending a stinging shot across the face of goal in the 73d minute. Valderrama was rarely involved and

was hooted by Colombian fans after

giving the hall away several times. But the 36-year-old finally won a tackle and produced the telling pass to Preciado, who wriggled past a defender and hit a low shot that Quaer reached but



Colombia's Maurici Serna hitting the turf after a tackle by Tunisia's Medhi Ben Slimane in a match on Monday.

# FIFA Turns to EU to Stem Violence

LENS, France - Sepp Blatter, the president of world soccer's governing body, called Monday on the European Union to do more to prevent known soccer hooligans from crossing borders and instigating violence in other coun-

The FIFA president also said that street violence by followers of some teams would not affect the staging of the World Cup.

Blatter spoke a day after a French policeman was left in a coma after trying to break up a brawl in Lens, France, involving fans of Germany's soccer team, which was playing Yugoslavia in the local stadium. The officer was hit on the head with an iron bar by a German man who is now in police custody.

That incident followed by one week several nights of rampages by fans of the English and Tunisian teams in the old port section of Marseille. Toulouse, where England lost to Romania on Mon-

day night, also was braced for trouble. After an emergency meeting of its executive bureau on Monday in Paris, FIFA said it would "take the initiative of seeking greater cooperation with political authorities, including those of for the love of the game."

the European Union, in the continuing effort to protect the reputation of football and for the introduction of new legal measures to achieve this.'

FIFA rejected an informal suggestion by the German soccer federation that its team could withdraw from the Cup because of the fan violence. The overture was described as part of an informal discussion between FIFA's leadership and the German federation's president, Egidius Braun.

'We are not afraid, we are concerned," Blatter said. "This World Cup can't be disturbed again. We must stay here and play the games.'

The German soccer federation said it had warned German authorities before the match in Lens that people "with a history of violence connected to sports were coming without tickets," and had urged them to adopt new measures to stop such people.

Braun, in a statement, said: "These

hooligans are enemies of society with the intention to harm the image of the sport and of Germany. They are criminals who should not be mentioned in the same breath as the millions of fans who love football and go to the stadiums

Chancellor Helmut Kohl of Germany called the violence "a scandal for our

nation. In all, 93 Germans and three French citizens were detained by the police in Lens. Six of the Germans were immediately deported, while another 15 were placed under formal investigation one step short of being charged. The vast majority were detained for drunkenness and were to be released late Monday.

Known groups of neo-Nazis had arrived by train for the match and more than 20 German skinheads were among those detained.

Meanwhile, four English hooligans were expelled from France on Monday in the first use of a new World Cup security strategy allowing authorities to remove known troublemakers without waiting for them to cause problems.

The four were picked up Sunday while drinking in a bar in Toulouse after

being recognized.

Jack Straw, the British home secretary, said the French security strategy of expelling known soccer hooligans from Toulouse before the game Monday night between England and Romania was a "sensible and proportionate" way to handle the threat. (AFP, AP)

# TUESDAY, JUNE 23, 1998 Is Iranians nania Romania Qualifies on: Red Spirits Rejoice. Late Strike By Petrescu

TOULOUSE - Dan Petrescu scoreth in the 90th minute Monday to give Ros mania a 2-1 victory over England in Group G and a place in the second round of the World Cup.

Petrescu brushed aside defender Gra-

ham LeSaux, a Chelsea teammate, and popped the ball between the legs of David Seaman, the England goalkeeps.

England had leveled in the 83d minute when David Owen, a second-half substitute, fired the ball past Boge

#### ROMANIA 2, ENGLAND T-

dan Stelea, the Romanian goalkeeped Almost immediately after Petrescr gave.
Romania the lead, the 18-year-old Owen came close to equalizing again: His low shot from outside the penalty. area beat Stelea but struck the base of the goalpost and bounced away.

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Romania, which has won both its matches, leads the group with six points.
It faces Tunisia, which was eliminated by Romania's victory, in the final round: of group matches on Friday. A draw will ensure that Romania finishes first in the group. England and Colombia, level on three points each, meet in Lens on Friday to decide the second qualifying place from the group. England, which has a better goal difference, will advance if it does not lose.

On Monday, both teams played cantiously in the first half and created few-

A hooked shot by England's Paul: Scholes forced Gheorghe Popescu ton clear off the line after nine minutes and Adrian Ilie, the Romania striker, hit the crossbar with a chip from outside the penalty area 19 minutes later.

Viorel Moldovan gave Romania thelead in the 47th minute after Hagi had flicked the ball over Sol Campbell to+ ward the middle of the penalty area! Tony Adams could not reach the bally. freeing Moldovan, who plays for the English club Coventry City, to chest the ball down and fire a powerful shot passe Seaman.

After the goal Romania took control. of the match. England could not cope with Romania's patient ground-passing game and spent long periods hopelessly-chasing after the ball. In the 54th minute, Ilie bamboozled David Beckham but hit a weak shot straight atig Seaman.

of the ball, it still managed to create

scoring chances. Gary Neville, the England full back; wasted a fine chance, electing to pass when alone front of the Romanian?

Teddy Sheringham, inches from the ball, stood and watched as Darren Anderton's cross rolled along the Romania;

Anderton then surged into the area: and chipped the ball into the middle but the diminutive Paul Scholes headed just over the bar from close range.

Constantin Galca made a fine tackle on Scholes in the 70th minute to prevent what looked like a certain goal.

Scholes was just about to convert a cross from Le Saux when the tall midfielder dived in with a perfectly-time? challenge to flick the ball away.

Hagi went off in the 74th minute to be replaced by Ovidiu Stanga while Eng. land coach Glenn Hoddle sent Owen in place of Sheringham, who had achieved little up front.

Nine minutes later Owen brought England; briefly, back into the game, e

# Italy, With a 'Psychological Block,' Takes on Austria

italy vs. Austria, Paris, 4 P.M. The final series of group matches opens Tuesday with the last pair of games in Group B. The games take place at the same time so that no team has the advantage of knowing what its rivals have already achieved

All but one of the Group B games have ended in draws. The exception was Italy's 3-0 victory over Cameroon, which is why the Italians lead the group and Cameroon is last. Italy needs one point against the Austrians to be sure of reaching the next round, but a victory would be better because the runner-up in this group faces Brazil in the second round.

Cesare Maldini, the Italian coach, said that he was satisfied with his team's victory Wednesday over Cameroon, but that his team was suffering from "a psychological block."

Austria has scored in injury time at

the end of both its matches to earn a pair more to break the Chilean international of 1-1 draws and needs a draw to stand a scoring record. Salas has 29 goals. chance of reaching the second round or a victory to be sure of advancing.

"The pressure on Italian players in general is much greater than it is on

#### WEDNESDAY MATCHES

Austrian players," said Herbert Pro-haska, Austria's coach. "It's not a disaster if we don't qualify. It is for Italy." Maldini has to decide whether to stick with his striking partnership of Christian Vieri and Roberto Baggio or to put Alessandro Del Piero in Baggio's

Chile could advance with a draw but needs to win to stand a chance.

needs a victory to be sure. Cameroon Marcelo Salas, just 23, has scored all

three of Chile's goals and needs one

Cameroon has no injury problems but will be without Raymond Kalla

Nkongo, a defender who was suspended for two matches after being expelled during the game with Italy. Brazil vs. Norway, Marseille, 9 P.M. Brazil has won Group A and will

already know its next opponent before it kicks off against Norway. The question is, Who will join them? Brazil has rolled over Scotland and

Morocco. Will it try hard against Norway? Norway beat Brazil, 4-2, in a friendly in May 1997. That may motivate the Brazilian players. It seems to motivate their coach, Mario Zagallo, who took exception to remarks by Egil Olsen, the Norwegian coach, after that match.

"If I was coach of Norway, they would be already qualified," Zagallo said this week.

A victory for Norway would see it advance, but it could lose by one goal and still go ahead if Morocco and Scotland play to a low-scoring draw.

Cesar Sampaio, a defensive midfielder, is suspended for Brazil, and Zagallo is expected to replace him with the exciting Denilson, who has yet to start a match. Brazil may rest Aldair or Junior Baiano. Both have one yellow card, which will be erased in the next round. But if either picks up a second yellow against Norway he will miss the next game

9 P.M. Scotland will be without the suspended midfielder Darren Jackson and the injured defender Colin Calderwood.

"We have only one aim — victory," said Henri Michel, the Moroccan coach. "That's the only result that will allow us

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ALL MATCHES

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JUNE 30, IN ST. ETENNE 1st Group H vs. 2nd Group G



Chile 2, Italy 2 Austria 1, Com

Austria 1, Chile 1

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**WORLD CUP** 

# Romania

Qualifies on Late Strike By Petresco

Reviews

Dan Petersone

The minute Monday to get to a continue of and a place in the secondar world Cup.

World Cup.

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- - Fri half and create: will shot by England's h. Gneorghe Popsa: ..... after nine minutes a Romania striker, hig our from outside - Summes later. 💯 2. van gave Romana 😜

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# Wild Night in Tehran As Iranians Celebrate

With Praise for Allah and the Team, Freed Spirits Rejoice, Ignoring Police

> By Elaine Sciolino Sew York Time & Service

EHRAN - The young woman flung off her head scarf and hung out the window of the blue Volkswagen, her long red hair flying wild in

Just behind was a police car with four officers, cheering and waving at the crowd. Iran had beaten the United States in the World Cup in France, and in Tehran it was a moment for mad celebration, not Islamic punishment.

In a communal celebration that froze traffic, freed spirits and cut across lines of class and gender, franians poured into the streets the moment the game ended

at 1:30 A.M. Monday.

1. Amid thousands of fans gathered in Vanak Square in central Tehran, a dozen men danced together, stringing the names of Iran's soccer stars into a rhyming chant,

A man and a woman sat halfway out of their car windows and swayed to the American rock music that blared from their car. Another man climbed up a lamppost as the crowd cheered and uniformed and plainclothes police officers and army troops looked on.

Good picture," one bewildered officer carrying a walkie-talkie said. .. Old men strolled the streets in nightshirts. Some women waved flares and pounded on cars, ordering drivers to honk their homs and cheer.

· .Young people whistled and whooped, honked and hollered to proclaim the victory over their political nemesis. Flags were waved, whistles blown, candies distributed, fireworks lighted.

- The only chant that could be heard about the United States was not "Marg bar Amrika" — "Death to America" but "Iran hoorah, Amrika sourakh" C -- "Iran hurray, America a hole," referring to the American team's weak defense that led to Iran's 2-1 victory.

i In the southern part of Tehran, a woman handed out sweets to strangers for what she called a dual celebration. "My son Ahmed promised me if Iran wins, he's going to marry the girl I

want, 'said the woman, who was riding on the back of her son's motorbike, her - 22 of the penalty at black chador held together between her id not reach the let teeth. "So Iran wins, I win and my son For some fans, the victory was a clear

and a benign United States. "We prayed hard in Romania took control before the game," said Ahmed Felegari, England could not cope 23, a construction worker from the westone periods hopelessly were counting on God first - and the in the 54t players second.

One Iranian woman stopped and England had much by kissed an American visitor, assuring her managed to one that the victory was nothing personal;

another invited the visitor to her home President Mohammed Khatami sent a

The of the Roman message of congratulations to the Ira-But Ayatollah Sayed Ali Khamenei,

tory to criticize the United States. "Tonight again the strong and arsurged mo he rogant opponents felt the bitter taste of defeat at your hands," he told the team.

"Be happy that you have made the

Iranian nation happy."
The impromptu celebration was reminiscent of — though much smaller than the street celebrations marking fran's draw with Australia late last year, which qualified Iran for the World Cup finals for the first time in 20 years.

This time, Iranian authorities took precautions to prevent any celebrations -or mourning - from turning violent. Restaurants in Tehran were forced to close at 9 on Sunday night. Sports centers were ordered to cancel plans to show the game on giant outdoor screens. and army troops and plainclothes policemen were stationed at roadblocks throughout the city.

Throughout this soccer-crazed country. Iranians were riveted to their television screens from the starting kickoff. To ensure that the coverage was Is-lamically correct, the broadcast began seven seconds late, so that Iranian viewers would not be subjected to the sight of fans in summer dress who might be drinking alcoholic beverages.

In the first half, after three American shots had hit the goal post, some fans invoked God's name.

"God is definitely with us tonight, man," said Bobak Pasha, a 30-year-old businessman, watching with his family. 'Oh, God! Oh, my God!''

A few miles north, at another family gathering, Sahand Tavakol, 17, had a similar reaction. "Thank God. He is with us," he said, jumping out of his chair. **7** HEN Hamid Reza Estili ---

known as the James Bond of ▼ Iran — scored the first goal, Iranians throughout Tehran were thunderstruck. For one glorious moment, they had overtaken the United States on at least one playing field. 'It is a beautiful goal! What a beau-

tiful goal!" said Hamid Salimi, a taxi driver watching the game in a poor neighborhood in southern Tehran. But then, in good-sport fashion, he added, 'The Americans are doing their best.' Although Iranian officials greeted

conciliatory words about Iran this week by President Bill Clinton and Secretary of State Madeleine Albright with reserve, many Iranian citizens were delighted in the magic moment after Iran scored.

"I jumped to the ceiling and rammed my fist into the ceiling," said Nikol Nasr, an architect. "My heart's beating, beating, beating. Me and my dad and mom — three beating hearts. My father started to cry. My mom, too. It can be a new beautiful start with America. We would like to do that. We would love to,

Indeed, most of Iran's players, and the fans of their generation, are too young to Ruhollah Khomeini's sermons about the "crimes of America," the ann-American street chants during the 1979 revolution and the 444-day seizure of the American Embassy in central Tehran.

In recent weeks, as Iran girded itself for this match, Iran's leaders insisted that it was only a game, not a symbolic playing out of a political agenda.
In honoring an Iranian team that had

climbed Mount Everest, President Khatami said of the upcoming match: For us, victory or failure is normal. The real victory is that the sportsmen do their best."



An Iranian and an American sharing a laugh during the match in Lyon.

SPORT: A Night to Remember for Iran

Continued from Page 1

launched by several thousand Iranian expatriates who smuggled T-shirts and banners into Gerland Stadium showing the pictures of two leaders of a Parisbased opposition group called the National Council of Resistance.

Still, the Iranian players said they knew the ordinary people of Iran would

"It was the greatest game we ever played," said Khodadad Azizi, a forward. "The whole nation was waiting for this game and expecting us to win.

Dissidents tried to capitalize on the forum by promoting their resistance group. The French police rushed into the stands several times to confiscate banners and pictures celebrating the two leaders of the National Council of Resistance, but new banners and pictures kept popping up. In the game's most surreal moment,

the protesters waved their T-shirts and banners at halftime as the public address system played the "Macarena." About 75 French policemen in riot gear marched to one side of the field 10 minutes before the game concluded, but the Iranian fans left peacefully and ecstatically. While Iran is expected to have its

hopes of advancing to the second round dashed on Thursday when it faces powerful Germany, at least it can dream. The United States, which has lost both its matches and has scored but one goal in

the two games, has no hope.

Alan Rothenberg, president of the U.S.
Soccer Federation, called Sunday night's.
defeat a "bitter disappointment." If the United States were a serious

soccer country, Steve Sampson might have lost his job on Sunday night, as coaches from Saudi Arabia and South Korea did in recent days. But Rothenberg said Sampson would coach the team against Yugoslavia.

On Sunday night, the Americans hit the goalpost twice and the crossbar once and outshot Iran, 27-15, but could not score until McBride's header for a goal in the 88th minute.

In the 40th minute, Iran's Hamid Estili headed a ball over the head of the American goalkeeper, Kasey Keller, to give his team a 1-0 lead. As the crowd of 35,500, made up largely of Iranian fans, erupted, Estili kissed the ground in cel-

In the 83d minute, Mehdi Mahdavikia sprinted past the disheveled American defense and blasted another goal past Keller.

Sampson faced stern questions about why he kept Eric Wynalda, the all-time leading U.S. scorer on the bench, but he said, "I wouldn't change a thing."

Neither would Jalal Talebi, the Iranian coach who has lived for 17 years in Palo Alto, California, and who took his current job only four weeks ago.

"This is a big victory," he said. "I don't think the people were celebrating because we played against the United States. They were happy because this is the first time we won a game in the World Cup.' Before the game, fans of both teams

shook hands and stood together for pic-

tures, draped in each other's flags, both in Lyon's sunbaked plazas and outside Gerland Stadium. Some fans even wore red, white and blue hats celebrating the United States and red, green and white jerseys celebrating Iran. 'I never thought I'd be wearing an Iranian flag in my cap," said David Mebane, 22, an accountant from Austin, Texas, as he posed with Iranian fans.

This has changed my attitude toward the people of Iran.' Henry Jalali, a native of Iran who has lived for 25 years in San Francisco, where he works as a civil engineer, said any victory would be for the Iranian

people, not the Islamic regime. The Islamic regime has deprived Iranians of every moment of joy and happiness," Jalali said. "This shows we're are still alive, we are humans. My children in the past were humiliated to say they were Iranian. Now they are proud. This happiness has been brought

Security was heavy near the stadium. French police confiscated flags of the Iranian opposition, which showed a lion and a sun in the white field of the tricolor instead of the religious symbol of Allah. The National Council of Resistance called the confiscations "insulting" and criticized governments of both Iran and the United States of attempting to use the game for political benefit.
"Maybe I saw, but I did not care,"

said Talebi, the Iranian coach. "I was not looking at the protesters: I was looking at my team. It is not good to ask a sportsman a political question."

# An Evening of Emotion, An Example for World

By Rob Hughes

YON - In years to come, when the children of the next generation the night when the United States met Iran after 20 years of hatred, let them be told that football was the winner.

The Americans may forever call this game soccer, but in the ancient scripture it is football, just as to thousands of the Iranians in exile from their own coun-

VANTAGE POINT

try's Islamic regime, the second Mon-day of the World Cup was both a celebration of sport and a demonstration of anger. The result was a match, a night of inflamed and exposed emotions, and ultimately an example of sportsmanship that, if only for an hour of so, transcended the divisions that politicians and zealots use to divide peoples.

In 30 years of traveling the world, I have seldom been so moved by the power of a simple game to hold together a vast audience - in the Lyon stadium and in front of more than a billion television sets across the globe. The anthems were an act in themselves: Eleven white clad American players with pride bursting from them, 11 Iranians all in red knowing that the tens of thousands inside the Stade Gerland represented huge numbers of their countrymen and women forced to live abroad by the acts of an Islamic revolution 20 years ago.

In Lyon, founded 2,000 years ago, this was a first in the history of a sport that has no barriers of color, creed or religion. That Iran won, 2-1, might have been an act of Allah, but it's a strange God who makes Iran's goal frame such a magnet to American headers and shots. Four times the American forwards struck for goal and struck only the bar or the posts.

Yet for their quality, their cunning on the ground, their much longer addiction to the passing skills of the game, Iran deserved to triumph. More important, America's players deserved to share the symbolic memories of this match, for their ability to take defeat, to take elimination from the tournament, and to return to the field after the game to acknowledge that Iran's sportsmen fully justified the sometimes irrational hope we pin on men playing games.



Goalkeeper Ahmadreza Abedzadeh, cheering Iran's first goal.

HE ALMANS GETS THEM OUT OF ORDER, AND HE ROLDS THE COMERS BACK! OOH, IF I COULD ONLY MOVE!

At the beginning, Iranians handed bouquets to their American opponents. These never softened the blows of tackles which, on both sides, were fullblooded and fueled by adrenaline. But as FIFA had directed, the team stood together, interspersed red and white, for

symbolic photo to honor Fair Play.

If that was an obligation, what happened after the last whistle came from inside the men who had per-

The Americans had sought the sanc-tity of the tunnel, doubtless to shed a tear. But one by one, back they came to the glare of the arena, to swap their shirts for priceless keepsakes from Iranian backs, and to genuinely acknowledge that, beneath the color of those shirts and the differences of their upbringing, they were competitors fueled

by a common ambition. The flow of the match — America lofting the high ball for the head of Brian McBride in the manner of the Old English basic approach. Iran keeping it closer to the ground, moving it swiftly, articulately, pleasingly — showed that differing styles are bred in different

ideologies. So what? The goal of the match, a sweeping, splendid cross from the right, a soaring, instinctive header by Hamid Estili, was worth the victory alone. In Tehran, I gather, President Mohammed Khatami is claiming the beauty of that goal, the points scored off America, as some kind of thanksgiving for the rev-

There may, or may not be, people around the president who will tell him the truth of what took place in Lyon. It was that the Iranian Resistance fighters, a majority of the audience, defeated attempts by the gendarmerie to strip them of identity. Outside the barriers, the police deprived most Iranians of their coveted flags.

Whether the banners were innocent reflections of Iranian belonging, or bore slogans against the Khatami government, the cops confiscated them all. What they couldn't do — and did not do - was take the shirts off the backs of some thousands of political protesters whose white cloth was adorned by photographs of opposition leaders, and of Iranians executed by the mullahs.

UT SOMETHING overtook B even the peaceful protest. It was the game, and the sharing that sport invites. "Down with Khatami" read one banner. "Sophie, the love of my life" read another.

They were side by side. The American and the Iranian. And when the U.S. supporters began their "Mexican wave" even I, an Englishman who views this as a mindless distraction, swayed with them. Why, because around the sport was a bowl of 45,000 people united in sport. This has to be better than our divisions. Lower down the scale of in

was a lesson on the night that America. a rookie nation of the world's most popular game, has quite a way to go on

As Iran's resistance members maintained their fervor and their noise. The public address system sought to drown the chorus of Iranian voices. They played American pop culture. "It ain't what you do, its the way that you do

Precisely

Rob Hughes is Sports Correspondent of The Times of London.

#### DENNIS THE MENACE



"The Rule is: IF Margaret screams "YUK", it's a bug worth keeping!"



lvertise contact Sonya Broadhead

#### PEANUTS



BEETLE BAILEY

AND THERE

WAS A

BANANA

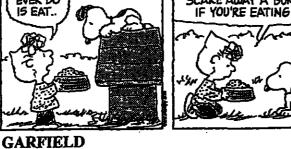
PEEL ON

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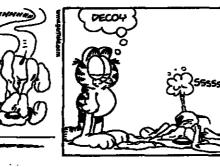
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BLONDIE

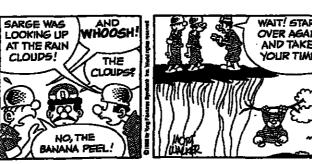








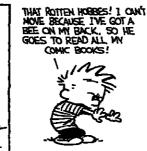










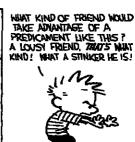


CALVIN AND HOBBES



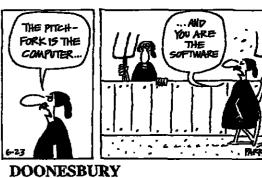




















#### When Mum's the Order

idence to reporters, not to gain an advantage in his in- ing is to send the leaker to a "set the record straight." Be-sides, say Starr's defenders, hang out. The White House the White House is also leaking to the press, so he has to to someone like Sam Donfight fire with the truth.

The real truth is there is so much leaking going on in

Washington right now that reporters are wearing life jackets when they go to work. How does a story get leaked to the when

Buchwald is a there 'mum's the word" order from the judge? This is how it is done.

Most leaks are by phone, though some are tossed over the office transom at night or sent by fax to a media source's home. The phone rings in a columnist's office. the leakee when to pick it "I can't tell you who I am, and if you say I told you anything I'll deny I ever said it, but Monica Lewinsky had a serious crush on Jim Carville and used the president to get to meet him.'

WASHINGTON—O.K., so Ken Starr leaked ev- to set the record straight." A second method of leakvestigation, but, he said, to restaurant like the Palm, leaker will sit at the table next aldson and say in a loud voice,

"We have a list of all the books Ken Starr bought at Barnes & Noble, and when we give it to the grand jury they'll bar him from every library in America."

Sam, of course, takes the bait and immediately calls Cokie Roberts on her private

The most high-level form of leaking takes place when someone from the special prosecutor's office or the Justice Department leaves a microfilm of the grand jury testimony under Lincoln's big toe at the Lincoln Memorial. The leaker notifies

The beauty of leaking in Washington is that no one has to check out the facts. All of the leaks come from either a "reliable source" in Starr's office or a Chinese lobbyist in "Holy Linda Tripp. This is Arkansas who "refused to take our calls."

#### Gearing Up for Opera in Munich

New York Times Service

MUNICH — Names don't always tell the story. The Munich Opera Festival, which begins Friday and runs through July 31, also includes ballet, theater and concerts.

There will be 15 operas, seven ballets, eight evening song recitals and an avant-garde program called Festival Plus.

A production of Wagner's "Tristan und Isolde," led by Zubin Mehta, the new musical director of the Bavarian State Opera, opens on June 30. Song recitals feature Cecilia Bartoli, Manteerry Caballa and Margaret Price, the Paramier State Montserrat Caballe and Margaret Price; the Bavarian State Ballet program includes two premieres. Festival Plus includes the Munich premiere of Eugene O'Neill's "Hairy Ape." For information, call (49-89) 2185-1024.

# On the Road Again, With Garrison Keillor

By Marc Fisher Washington Post Service

the hometown they remember show in an era of frenzied, electric

public radio variety show to college auditoriums and faceless civic ences of graying hippies and prop-er, silver couples, graduate stu-"A Prairie Home Companion" er, silver couples, graduate stu-dents and young professionals.

The tall, reluctant man whose tales have changed the way many parents tell their kids stories doesn't stays home, deep in composition. the ingredients of each week's monologue shifting in his mind as the hours slip toward Saturday at 5, the moment the satellite sends "A Prairie Home Companion" to 433

stations and 2.5 million listeners.

In a way unique to radio, "A
Prairie Home Companion" is the reflection of a single imagination. The show is Keillor, a single, hesitant voice that ranges from a thin upper register to a baritone rumble. But in another way, it is a theatrical extravaganza. It takes 17 people, a semi full of crates, five Oriental rugs, a cardboard box full of gravel and coconut shells, and assorted

Keillor silenced "Prairie Home" in 1987, closed up shop and moved to Copenhagen to live with wife number two, a Dane he had met when she was a high school exchange student in his home town of Anoka, Minnesota. Two years later, Keillor was back on the air. Now, happy with wife number three and an infant daughter, he talks about continuing well into the new century, but there is more than a little reluctance in his voice.

If in the mid-1980s the show was attracting an audience of nearly 5 million listeners and Keillor was on A USTIN, Texas — It has been the cover of Time, hailed as some kind of new American bard, these Garrison Keillor began to report days the show and its father are the cover of Time, hailed as some the news from Lake Wobegon, play content to be what they are -- a live music you can't hear on the radio oasis in the arid, canned soundscape and recall for listeners the stories of of radio, a slow, gentie, acoustic

fondly, yet have never set foot in.

Every summer Keillor takes his "There's no buzz abo "There's no buzz about the show whatsoever," Keillor said. "and that's actually much better centers and grand old theaters in for the audience and, God knows, small towns and big cities, to audi- for me. It's not a steppingstone to

is one of public radio's biggest moneymakers, lagging behind only "Car Talk" and "Marketplace" in its ability to wrangle contributions join his cast and crew until less than from listeners. It is a ratings power-24 hours before show time. Keillor house, the flagship of an American stays home, deep in composition, subculture, far outdrawing Keith Olbermann's nightly scandal wrap-up on MSNBC, sometimes matching the audience of Fox's Saturday baseball Game of the Week.

It has become a neighborhood of the air, an answer to an American desire to fence off a small portion of the cultural landscape as a refuge plane in from the coarseness, cynicism and irony that are postmodern life. Keillor's America is one of jokes you can tell your kids, and camp songs and sing-alongs and "Talent From Towns Under 2,000," of fiddlers, polka dancers, rockabilly bands, jazz trios and classical cellists, poets and playwrights, accordionists "Prairie able sound-effects guy Tom Keith, up shop The "Prairie Home" staff is en to live fiercely protective of Keillor, eager

to explain to outsiders why he seems distant, grumpy, even rude.
"You see, he's always writing in "You see, he's always writing in break up. "I might write something his head, so anytime you're talking new," Keillor says as they file out. to Garrison, you're interrupting his writing," says Katy Reckdahl, the

show's marketing director. Tim Russell, Keith, the band lead- minutes and is delivered without



Garrison Keillor rehearsing at the University of Texas.

others gather for their first look at his eyes to summon the story. He the sketches, ad parodies and other bits Keillor has written on the

Quickly, the actors try out the bits, including a "Lives of the Cow-boys" sketch in which a renegade is punished by being locked in the outhouse with the works of Thomas Pynchon, an ad for ketchup in which a husband and wife rediscover love and the simple life by forsaking seven kinds of salsa and coming bands, writers, producers and stagehands to put the show on the air each week.

Keiller Stiller Stille Keith will bark like a dog, screech like a grackle, squeak like a bat, yell like a mob of teenagers and rumble

like a pack of Harley-Davidsons. An hour and a half later they

On Saturday, Keillor writes his monologue. 'The News From Now's marketing director. Lake Wobegon," a staple of the At the Marriott here, the actor show's second hour, runs 15 to 25 er Rich Dworsky, the producer script, just Keillor on a stool, facing radio. Though he dismisses com-

Christine Tschida and assorted the audience, occasionally closing looks as if he is spinning the tale as he speaks, but in fact he has written the story out at least twice, sometimes more. It is the hardest part of the show, and the most important.

"With this show," Keillor says, you're writing in these several different veins - a song lyric, some commercials, each with its own distinct form, and then you get this little odd, off-balance prelude, and then there's the News From Lake Wobegon. It's all you can do to get the stuff to come out decent, just to try not to be famous and dorky. And try to make the News From Lake Wobegon as faithful as possible to a town even though you're sitting in a Marriott in Austin, Texas."

Cynical and clueless as radio is in its advanced state of corporate rot, it is still the sound track of American striving, and even a band that has trouble finding a place on commercial radio worships the possibilities of the medium.

Keillor, too, remains in love with

mercial radio as having "almost completely abdicated any responsibility for the public interest;" hestill cherishes memories of great radio humorists including Bob and Ray, who created sketches and soan operas and ad parodies five days a week for more than 40 years.

The most direct inspiration for 'Prairie Home Companion' came from his March 1974 visit to the Grand Ole Opry, which he was writing about for The New Yorker. "It struck me as noble and thrilling that people would do this, and do is live. It seemed like something that a person could do." The first broadcast of "Prairie Home" of Minnesota Public Radio came just.

four months later.
This show, at the Bass Perform ing Arts Center at the University of Texas, sold out its 3,000 sears almost instantly — typical for a Keillog performance. Seats go for as much as \$50, with Minnesota Public Radio claiming 60 percent of the take and

the local station getting the rest.
On four occasions. Keillor has stepped away from the show, intenf on devoting himself entirely of writing. "The time I really quit big-time, '87, I had what just about every writer would claim that he wanted. When I walked away; I had money to support myself, all the time in the world. I was living in Copenhagen, unter privacy. And yet you find yourself in that ideal. situation and after a few months, you start to panic. Where's the great stuff you were going to write under those conditions? You learnthings about yourself you were hoping not to find out. You over estimate your own capabilities, and I certainly did, like just about every other person ever ignited by an ambition to be a writer and write the Great American Novel.

"I'm not going to." And so he came back. And he will stay, at least for the foreseeable future. He has spent the bulk of his adult life on the radio, and now. seems comfortable being what he is, a distinctive American voice, a writer whose best medium is radio.

#### **PEOPLE**

FELLOW travelers? Charlie Chaplin, George Bernard Shaw and Sean O'Casey were among the figures George Orwell denounced to the British government as Communist sympathizers in the late 1940s, newspaper reports said Monday. The British learned in 1996 that the author of "1984," a virulent attack on totalitarianism and Stalinism in particular, was a government informer. But the names of those he denounced were kept secret. A new edition of Orwell's complete works, to be published next week, will partly lift the veil on the episode by naming those now dead, the Daily Telegraph reported. Orwell compiled the list of 130 "crypto-Communists" for an anti-Communist propaganda unit of the Foreign Office. Also included were the poets C. Day Lewis and Stephen Spender and the Labour Party members Richard Crossman (later a minister) and Tom Driberg. Orwell said Shaw was not to be trusted because he was "reliably pro-Russian on all major issues."

Former President P.W. Botha, 82, of South Africa thrust aside his legal problems with the Truth and Reconciliation Commission on Monday to marry Barbara Robertson, a 57-

The sale at auction of the contents of the Cote d'Azur home of the American photographer Henry Clarke raised \$2.7 million for the Pasteur Institute in Paris. The furniture and works of art, which Clarke amassed before his death in 1996,

year-old legal secretary, at his home in Cape Province.

pected. Christie's auction house said.

A member of the British Parliament tracked down a cousin who survived the Holocaust after watching Steven Spielberg's film "Schindler's List." Gerald Kaufman, a senior member of the Labour Party, noticed the name Murray Pantirer on a list at the end of the film as one of those who had been saved by Schindler from the Nazis during World War II.

#### A Fondness for the Shredder?

Agence France-Presse ONDON - Princess Margaret, the queen's sister, has

Lithrown away sacks of personal papers and correspondence belonging to Queen Elizabeth the Queen Mother and historians fear that valuable material has been destroyed, The Sunday Times reported.

"It's a great pity from the historical point of view," said Ben Pimlott, who has written a biography of Queen Elizabeth II. A lady-in-waiting to the Queen Mother confirmed that some clearing out had taken place. Despite assurances from Buckingham Palace that no material of importance had been thrown away, many historians are convinced that Margaret wanted to get rid of sensitive documents.

sparked frenzied bidding and raised twice the amount ex- Pantirer was the maiden name of Kaufman's mother. He tracked Murray Pantirer, now 73, to New Jersey after finding that his and Pantirer's grandfathers were brothers.

> The singer Bobby Brown was arrested in Los Angeles on Sunday for investigation of misdemeanor sexual battery. Brown, the husband of the singer Whitney Houston, was at the Beverly Hills Hotel when he was placed under citizen's arrest, Lieutenant Joe Lombardi said. He was scheduled to appear in court on July 17. "I wouldn't hurt nobody. I wouldn't touch nobody," Brown said after being released from jail. Details of the charges were not available.

The ship wasn't the only thing that went down during the filming of James Cameron's "Titanic." Much of Hollywood's vintage clothing stock from the early 1900s met a watery end, too. Kate Winslett reportedly ran through 28 ancient dresses in one scene alone. That's causing problems for the producers of the NBC miniseries "A Will of Their which also needed period dresses for its chronicle of the changing roles of women over the last 100 years. "Titanic' not only got all the wardrobe in town from that period, but they destroyed much of it in the water scenes." Wolper, executive producer of the miniseries, told TV Guide.

'We had to scramble to make 30 to 40 costumes in just a few weeks, some of them costing \$20,000.



HONORED — Mikhail Gorbachev, the former Soviet leader, receiving an honorary degree in commencement exercises at Northeastern University in Boston.



# take in a rock show

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